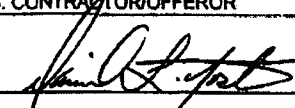
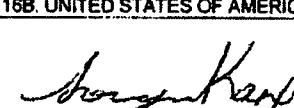



EXHIBIT 133

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. Contract ID Code	Page of Pages	
2. AMENDMENT MODIFICATION NO.		3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO	5. PROJECT NO. (if applicable)		
0054		SEP 27, 2012	EDOFSA-12-000987			
6. ISSUED BY United States Department of Education Federal Student Aid/Mission Support Group 830 First St NE - Suite 91F3 Washington DC 20202			7. ADMINISTERED BY (if other than item 6) CODE See Block 6			
8. NAME AND ADDRESS OF CONTRACTOR (NO., Street, Country, State and ZIP Code) SLM CORPORATION C/O MONETARY PROCESSING P.O. BOX 9533 WILKES BARRE PA 187739533			(x)	9A. AMENDMENT OF SOLICITATION NO.		
MARK VERBRUGGE 317-598-4633				9B. DATED (SEE ITEM 11)		
CODE 00018575 FACILITY CODE			X	10A. MODIFICATION OF CONTRACT/ORDER NO. ED-FSA-09-D-0015		
				10B. DATED (SEE ITEM 13) JUN 17, 2009		
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS						
<input type="checkbox"/> The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OR OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment your desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.						
12. ACCOUNTING AND APPROPRIATION DATA (if required) See Schedule				Modification Amount: \$515,800.00 Modification Obligated Amount: \$515,800.00		
13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.						
Check One	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. 52.212-4 Contract Terms And Conditions - Commercial Items (Mar 2009) - TAILORED					
X	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).					
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:					
	D. OTHER (Specify type of modification and authority)					
E. IMPORTANT: Contractor <input checked="" type="checkbox"/> is not, <input type="checkbox"/> is required to sign this document and return _____ copies to the issuing office.						
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible) SEE PAGE 2 OF 3 FOR DESCRIPTION OF MODIFICATION. ...See Continuation Page						
Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.						
15A. NAME AND TITLE OF SIGNER (Type or print) Daniel L. Yost, Vice President Title IV Servicing			16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Soo Kang 202-377-3798 soo.kang@ed.gov			
15B. CONTRACTOR/OFFEROR		15C. DATE SIGNED	16B. UNITED STATES OF AMERICA		16C. DATE SIGNED	
 (Signature of person authorized to sign)		9/27/12	 (Signature of Contracting Officer)		SEP 27, 2012	

NSN 7540-01-152-8070
Previous Edition unusable

STANDARD FORM 30. (Rev. 10-83)
Prescribed by GSA FAR (48 CFR) 53.243

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. Contract ID Code		Page of Pages 1 3	
2. AMENDMENT MODIFICATION NO. 0054		3. EFFECTIVE DATE SEP 27, 2012		4. REQUISITION/PURCHASE REQ. NO. EDOFSA-12-000987		5. PROJECT NO. (if applicable)	
6. ISSUED BY United States Department of Education Federal Student Aid/Mission Support Group 830 First St NE - Suite 91F3 Washington DC 20202 CODE FSA-FS2				7. ADMINISTERED BY (If other than item 6) CODE See Block 6			
8. NAME AND ADDRESS OF CONTRACTOR (NO., Street, Country, State and ZIP Code) SLM CORPORATION C/O MONETARY PROCESSING P.O. BOX 9533 WILKES BARRE PA 187739533 MARK VERBRUGGE 317-598-4633 CODE 00018575 FACILITY CODE				(x)		9A. AMENDMENT OF SOLICITATION NO.	
				X		9B. DATED (SEE ITEM 11)	
						10A. MODIFICATION OF CONTRACT/ORDER NO. ED-FSA-09-D-0015	
						10B. DATED (SEE ITEM 13) JUN 17, 2009	
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS							
<input type="checkbox"/> The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OR OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment your desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.							
12. ACCOUNTING AND APPROPRIATION DATA (If required) See Schedule						Modification Amount: \$515,800.00 Modification Obligated Amount: \$515,800.00	
13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.							
Check One		A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.					
X		52.212-4 Contract Terms And Conditions - Commercial Items (Mar 2009) - TAILORED					
		B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).					
		C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:					
		D. OTHER (Specify type of modification and authority)					
E. IMPORTANT: Contractor <input checked="" type="checkbox"/> is not, <input type="checkbox"/> is required to sign this document and return _____ copies to the issuing office.							
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible) SEE PAGE 2 OF 3 FOR DESCRIPTION OF MODIFICATION. ...See Continuation Page							
Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.							
15A. NAME AND TITLE OF SIGNER (Type or print)				16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)			
				Soo Kang 202-377-3798 soo.kang@ed.gov			
15B. CONTRACTOR/OFFEROR		15C. DATE SIGNED		16B. UNITED STATES OF AMERICA		16C. DATE SIGNED	
(Signature of person authorized to sign)				 (Signature of Contracting Officer)		SEP 27, 2012	

NSN 7540-01-152-8070
Previous Edition unusable

STANDARD FORM 30. (Rev. 10-83)
Prescribed by GSA FAR (48 CFR) 53.243

Continued from Block 14...

The purpose of Modification 0054 to Contract Number ED-FSA-09-D-0015 is to incorporate the requirements for Change Request Number 1827, Income-Driven Repayment Plans, in accordance with the following attachments:

1. Attachment A - Business Operations Change Request Form [1 Page]
2. Attachment B - Income-Driven Repayment Plans - 2012 Requirements [33 Pages]

The requirements shall be implemented by the following dates:

1. IBR Requirement - December 31, 2012
2. PAYE/ICR-A Requirement - December 17, 2012
3. ICR3/ICR-B Requirement - December 17, 2012

The total contract value is increased by \$515,800 from \$205,442,296 to \$205,958,096.

All other terms and conditions remain unchanged.

SCHEDULE Continued

ITEM NO.	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE \$	AMOUNT \$
0036	<p>Contracting Officer: Soo Kang, 202-377-3798, soo.kang@ed.gov</p> <p>Primary Contracting Officer Representative: Patrice Washington, (202) 377-3845, Patrice.Washington@ed.gov</p> <p>Alternate Contracting Officer Representative(s): Tammy Connelly, 202.377.3298, tammy.connelly@ed.gov</p> <p>Primary Technical Point of Contact: None</p> <p>Alternate Technical Point of Contact(s): None</p> <p>(New Line Item)</p> <p>Requirements for CR #1827 - Income-Driven Repayment Plans</p> <p>Sallie Mae To implement Legislative changes to their servicing system for Income-Driven Repayment Plans.</p> <p>Accounting and Appropriation Data: 0202M2012.A.2012.ENB00000.6N5.2521A.AAJ.000. 0000.000000 \$515,800.00</p>	1.00	SE	515,800.00	515,800.00

Attachment A**Business Operations Change Request Form**Send all Change Request Forms to POCChangeRequest@ed.gov**Administrative Information**

Service Area Validation for Submission Completed: ☒ Defer: ☐ ID: 1827 REVISED 9/12/2012
 Requestor: Cynthia Battle Date Drafted: 7/23/2012
 CR Title: Income-Driven Repayment Plans Date Submitted: 8/8/12
 Business Analyst: La Teata Jackson Anticipated Implementation Date: 11/1/12

FSA Service/System/Area Impacted

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> ACES Nelnet Platform | <input type="checkbox"/> NSLDS | <input type="checkbox"/> EAI |
| <input checked="" type="checkbox"/> Not-for-Profits (NFPs) | <input type="checkbox"/> FPDM | <input type="checkbox"/> PEPS/IPM |
| <input checked="" type="checkbox"/> Title IV Servicers (TIVAS) | <input type="checkbox"/> CPS | <input type="checkbox"/> FMS |
| <input type="checkbox"/> TPD | <input type="checkbox"/> Participation Management | <input type="checkbox"/> Security Architecture |
| <input type="checkbox"/> DMCS/DMCS2 | <input type="checkbox"/> EDEExpress | <input type="checkbox"/> SAIG |
| <input type="checkbox"/> DLCS | <input type="checkbox"/> eCampus-Based | <input type="checkbox"/> AIMS |
| <input type="checkbox"/> COD | <input type="checkbox"/> Ancillary Services | <input type="checkbox"/> Other: _____ |
- ☐ Notification Only: _____

Description of Change Requested:

Implement attached requirements for income-driven repayment plans, including (revised requirements version 2.5 based on clarification meetings and Q&As received. Negotiated Rulemaking_2012 Requirements 082812 QandAv2.5.xlsx):

1. Income-Based Repayment (IBR)
2. Pay-As-You-Earn/Income-Contingent Repayment-A (PAYE/ICR-A)
3. Income-Contingent Repayment 3/Income Contingent Repayment-B (ICR3/ICR-B)

Validate compliance with regulatory requirements for IBR.

Note: The IBR requirements as listed are based on current and proposed regulations. FSA expects servicers to be compliant with current regulations. As indicated in the attached spreadsheet, if the servicer is compliant, the servicer will provide procedures and/or business rules demonstrating compliance with the requirement. If the servicer is not compliant, the servicer will provide statement of commitment confirming the date when the servicer will become compliant with the requirement. Any "new" requirements based on proposed regulations are indicated by "n/a." in the spreadsheet.

The possible contract requirements discussed in this document are based on proposed rules included in a Notice of Proposed Rulemaking published by the Department of Education on July 17, 2012. The Department has invited public comment on these proposed rules and will consider changes to the proposed rules based on any comments it receives.

Therefore these requirements are preliminary and may be modified to be consistent with the final regulations that the Department will publish after consideration of the public comments. The contractor will be required to comply with the terms of the final regulations issued by the Department and with the terms of the contract.

Reason for Change:

FSA anticipates the previously reference proposed regulations to become final in November 2012.

Additional Information (ALL OPERATIONAL IMPACTS MUST BE ASSESSED):

Does this change require a new network connection (Secure File Transfer Protocol is mandatory for all new connections)?

No

IST Anticipation:

None

Revised: 3/21/2012

Page 1 of 1 ED-FSA-09-D-0015/0054

Attachment B

Income-Driven Repayment Plans - 2012 Requirements

Income-Driven Repayment Plans - 2012 Requirements

The following worksheets contain the requirements for income-driven repayment plans, that will go into effect the later of: November 1, 2012 OR the date the regulations are published as final in the Federal Register.

The possible contract requirements discussed in this document are based on proposed rules included in a Notice of Proposed Rulemaking published by the Department of Education on July 17, 2012. The Department has invited public comment on these proposed rules and will consider changes to the proposed rules based on any comments it receives. Therefore these requirements are preliminary and may be modified to be consistent with the final regulations that the Department will publish after consideration of the public comments. The contractor will be required to comply with the terms of the final regulations issued by the Department and with the terms of the contract.

Contents:

- IBR - Requirements for Income-Based Repayment Plan
- PAYE - Requirements for Pay-As-You-Earn
- ICR - Requirements for Income-Contingent Repayment

Version Control:

- Date: August 1, 2012 - V1.0
- Date: August 27, 2012 - V2.0
- Date: August 28, 2012 - V2.5

IBR Requirements

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Income-Driven Repayment Plans - 2012 Requirements

[illegible]

Income-Driven Repayment Plans - 2012 Requirements

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Income-Driven Repayment Plans - 2012 Requirements

Page 5 of 33 ED-FSA-09-D-0015/0054

Attachment B

Income-Driven Repayment Plans - 2012 Requirements

2.5.5.1101-1-IBR	Interest Subsidy	Not Applicable	Other determinants under IBR – If the borrower receives other determinants of income, the servicer shall process subsidy during the deferment period, but the deferment period is not excluded from the three consecutive years of interest subsidy for negative amortization under IBR and makes payments under IBR for any year the borrower is not under IBR and has a PPH. The borrower resumes payment under IBR and has a PPH. The borrower has one year of interest subsidy (existing).	Other determinants under IBR – If the borrower receives other determinants of income, the servicer shall process subsidy during the deferment period, but the deferment period is not excluded from the three consecutive years of interest subsidy for negative amortization under IBR and makes payments under IBR for any year the borrower is not under IBR and has a PPH. The borrower resumes payment under IBR and has a PPH. The borrower has one year of interest subsidy (existing).		
2.5.5.1101-2-IBR	Interest Subsidy	Not Applicable	Forwards under IBR – The servicer shall not process subsidy for negative amortization under IBR during the forbearance period. After the servicer shall reduce the three consecutive years of interest subsidy for negative amortization by the time in forbearance, e.g., a borrower enters IBR and makes payments under IBR for a year. The borrower then enters a period of forbearance for a year. The borrower resumes payment under IBR and has a PPH. The borrower has one year of interest subsidy (existing).	Forwards under IBR – The servicer shall not process subsidy for negative amortization under IBR during the forbearance period. After the servicer shall reduce the three consecutive years of interest subsidy for negative amortization by the time in forbearance, e.g., a borrower enters IBR and makes payments under IBR for a year. The borrower then enters a period of forbearance for a year. The borrower resumes payment under IBR and has a PPH. The borrower has one year of interest subsidy (existing).		
2.5.5.1101-3-IBR	Interest Subsidy	Payment Amount Changes	Forwards under IBR – The servicer shall not process subsidy for negative amortization under IBR during the forbearance period. After the servicer shall reduce the three consecutive years of interest subsidy for negative amortization by the time in forbearance, e.g., a borrower enters IBR and makes payments under IBR for a year. The borrower then enters a period of forbearance for a year. The borrower resumes payment under IBR and has a PPH. The borrower has one year of interest subsidy (existing).	Forwards under IBR – The servicer shall not process subsidy for negative amortization under IBR during the forbearance period. After the servicer shall reduce the three consecutive years of interest subsidy for negative amortization by the time in forbearance, e.g., a borrower enters IBR and makes payments under IBR for a year. The borrower then enters a period of forbearance for a year. The borrower resumes payment under IBR and has a PPH. The borrower has one year of interest subsidy (existing).		
2.5.5.1102-IBR	Interest Subsidy	Economic Hardship Deferment	Interest subsidy when borrower receives economic hardship deferment under IBR – The servicer shall process subsidy for all accrued interest on a subsidized loan during the deferment period and shall exclude the deferment period from the three consecutive years of interest subsidy for negative amortization under IBR. The servicer will report the amount of interest that accrued on a subsidized loan that is greater than the borrower's monthly payment amount to FMS.	Interest subsidy when borrower receives economic hardship deferment under IBR – The servicer shall process subsidy for all accrued interest on a subsidized loan during the deferment period and shall exclude the deferment period from the three consecutive years of interest subsidy for negative amortization under IBR. The servicer will report the amount of interest that accrued on a subsidized loan that is greater than the borrower's monthly payment amount to FMS.	Procedures, Screenshots, Sample Payment and Account Transactions	
2.5.5.1103-IBR	Interest Subsidy	FMS Reporting	After placing the borrower on IBR, and for each subsequent year that the borrower remains on IBR, the servicer shall send an annual notification of terms and conditions of the plan, including:	After placing the borrower on IBR, and for each subsequent year that the borrower remains on IBR, the servicer shall send an annual notification of terms and conditions of the plan, including:	Procedures, Correspondence Sample Correspondence History	2.3
2.5.5.1200-4-IBR	Notifications	Annual	The borrower's monthly payment amount and the time period for which it will be collected (annual payment period).	The borrower's monthly payment amount and the time period for which it will be collected (annual payment period).		2.3
2.5.5.1200-4-IBR	Notifications	Annual	Information about the requirement that the borrower provide updated ADR or other income documentation annually, and explanation that the servicer will notify the borrower of this requirement in advance of the due date.	Information about the requirement that the borrower provide updated ADR or other income documentation annually, and explanation that the servicer will notify the borrower of this requirement in advance of the due date.		2.3
2.5.5.1200-4-IBR	Notifications	Annual	Explanation of the consequences if the borrower does not submit updated information within 10 days of the servicer's notice, including that any unpaid interest will be capitalized at the end of the current annual payment period.	Explanation of the consequences if the borrower does not submit updated information within 10 days of the servicer's notice, including that any unpaid interest will be capitalized at the end of the current annual payment period.		2.3
2.5.5.1200-4-IBR	Notifications	Annual	Explanation of the consequences if the borrower no longer wishes to repay under IBR, including explanation that the payment will likely increase substantially due to the borrower's current income level, and that any unpaid interest will be capitalized at the end of the current annual payment period.	Explanation of the consequences if the borrower no longer wishes to repay under IBR, including explanation that the payment will likely increase substantially due to the borrower's current income level, and that any unpaid interest will be capitalized at the end of the current annual payment period.		2.3
2.5.5.1200-4-IBR	Notifications	Annual	Information about the borrower's option to request, at any time during the borrower's current annual payment period, that the servicer recalculate the borrower's monthly payment amount, and that any unpaid interest will be capitalized at the end of the current annual payment period.	Information about the borrower's option to request, at any time during the borrower's current annual payment period, that the servicer recalculate the borrower's monthly payment amount, and that any unpaid interest will be capitalized at the end of the current annual payment period.		2.3
2.5.5.1201-IBR	Notifications	Recalculation	If the federal servicer recalculates the borrower's monthly payment amount based on a new annual notification of terms and conditions and the servicer shall report the borrower's anniversary date to the date the servicer made its last determination of	If the federal servicer recalculates the borrower's monthly payment amount based on a new annual notification of terms and conditions and the servicer shall report the borrower's anniversary date to the date the servicer made its last determination of	Procedures, Correspondence Sample Correspondence History	

Attachment B

Income-Driven Repayment Plans - 2012 Requirements

[illegible]

Attachment B

Income-Driven Repayment Plans - 2012 Requirements

PAYE Requirements					Revised Requirement		Artifacts
CR Requirements #	NFP Requirements #	Topic	Subtopic	Requirement	The servicer shall be held to understand the following definitions for the purpose of these requirements.	The servicer shall be held to understand the following definitions for the purpose of these requirements.	
2.5.5.100-PAYE		Definitions	Definitions	The servicer shall be held to understand the following definitions for the purpose of these requirements.			Procedures
2.5.5.100-a-PAYE		Definitions	Definitions	Standard-Standard: The 10-year standard payment amount calculated using the loan balance on eligible loans that was outstanding when the borrower initially entered repayment on the loan or requested PAYE, whichever is greater.			
2.5.5.100-b-PAYE		Definitions	Definitions	Permanent-Standard: The 10-year standard payment amount calculated using the loan balance that was outstanding on the borrower's eligible loans when the borrower began repayment on the loan under PAYE. For consolidation loans, the Permanent-Standard payment amount is a 10-year standard payment amount regardless of whether the borrower's consolidation loan qualified for a repayment term beyond 10 years under the Consolidation Standard Repayment Plan.		Permanent-Standard: The 10-year standard payment amount calculated using the loan balance that was outstanding on the borrower's eligible loans when the borrower began repayment on the loan under PAYE. For consolidation loans, the Permanent-Standard payment amount is a 10-year standard payment amount regardless of whether the borrower's consolidation loan qualified for a repayment term beyond 10 years under the Consolidation Standard Repayment Plan.	
2.5.5.100-c-PAYE		Definitions	Definitions	Partial Financial Hardship: A circumstance in which the Standard-Standard payment amount exceeds the payment amount under PAYE.			Procedures
2.5.5.100-d-PAYE		Definitions	Definitions	Anniversary Date: the Month and day on which the borrower entered PAYE, e.g., July 1.		Anniversary Date: the Month and day on which the borrower entered PAYE, e.g., July 1.	
2.5.5.100-e-PAYE		Definitions	Definitions	Annual Payment Period: the period of one year for which a borrower's payment is effective, based on the anniversary date, e.g., July 1, 2012 - June 30, 2013.		Annual Payment Period: the period of one year for which a borrower's payment is effective, based on the anniversary date, e.g., July 1, 2012 - June 30, 2013.	
2.5.5.100-f-PAYE		Definitions	Definitions	Soft Deadline: the date by which the borrower should submit updated income documentation as part of the annual recertification process, 35 days prior to the borrower's anniversary date, e.g., for an anniversary date of July 1, May 27.		Soft Deadline: the date by which the borrower should submit updated income documentation as part of the annual recertification process, 35 days prior to the borrower's anniversary date, e.g., for an anniversary date of July 1, May 27.	
2.5.5.100-g-PAYE		Definitions	Definitions	Hard Deadline: 10 days after the soft deadline, e.g., for an anniversary date of July 1, June 6.		Hard Deadline: 10 days after the soft deadline, e.g., for an anniversary date of July 1, June 6.	Procedures
2.5.5.100-h-PAYE		Definitions	Definitions	New Borrower: a borrower who (1) has no outstanding balance on a FFEL or DL Program loan as of October 1, 2007 or has no outstanding balance on such a loan on the date that the borrower obtains a FFEL or DL Program loan after October 1, 2007, and (2)(a) receives a disbursement of a Direct Unsubsidized or student Direct PLUS loan on or after October 1, 2011; OR (2)(b) receives a Direct Consolidation Loan based on an application received on or after October 1, 2011, except that the borrower is not a new borrower if the Direct Consolidation Loan repays a loan that has an outstanding balance as of October 1, 2007.		New Borrower: a borrower who (1) has no outstanding balance on a FFEL or DL Program loan as of October 1, 2007 or has no outstanding balance on such a loan on the date that the borrower obtains a FFEL or DL Program loan after October 1, 2007, and (2)(a) receives a disbursement of a Direct Unsubsidized or student Direct PLUS loan on or after October 1, 2011; OR (2)(b) receives a Direct Consolidation Loan based on an application received on or after October 1, 2011, except that the borrower is not a new borrower if the Direct Consolidation Loan repays a loan that has an outstanding balance as of October 1, 2007.	
2.5.5.100-i-PAYE		Definitions	Definitions	Eligible Loans: FFEL and DL Program loans, except for loans that are in default, a Parent PLUS Loan, or a Consolidation Loan that repaid a Parent PLUS Loan.		Eligible Loans: FFEL and DL Program loans, except for loans that are in default, a Parent PLUS Loan, or a Consolidation Loan that repaid a Parent PLUS Loan.	Procedures
2.5.5.200-PAYE		Eligible Loans	Eligible Loans	The servicer shall provide the PAYE plan to borrowers with eligible Direct Loans.		The servicer shall provide the PAYE plan to borrowers with eligible Direct Loans.	Procedures
2.5.5.200.1-PAYE		Eligible Loans	Eligible Loans	The servicer shall allow all eligible loans that are DL Program loans to be repaid under PAYE.		The servicer shall allow all eligible loans that are DL Program loans to be repaid under PAYE.	
2.5.5.200.2-PAYE		Eligible Loans	Eligible Loans	The servicer will NOT allow Parent PLUS loans, defaulted loans, or consolidation Loans that repaid Parent PLUS or defaulted loans or any other loan type that is not a DL Program loan to be repaid under PAYE.		The servicer will NOT allow Parent PLUS loans, defaulted loans, or consolidation Loans that repaid Parent PLUS or defaulted loans or any other loan type that is not a DL Program loan to be repaid under PAYE.	
2.5.5.200.3-PAYE		Eligible Loans	Eligible Loans	The servicer shall require borrowers who request PAYE to repay all eligible Direct Loans under that plan.		The servicer shall require borrowers who request PAYE to repay all eligible Direct Loans under that plan.	
2.5.5.200.4-PAYE		Eligible Loans	Eligible Loans	The servicer shall allow borrowers with ineligible loans to repay those loans separately so that eligible loans can be repaid under PAYE.		The servicer shall allow borrowers with ineligible loans to repay those loans separately so that eligible loans can be repaid under PAYE.	
2.5.5.300-PAYE		Eligible Borrowers	Eligible Borrowers	The servicer shall provide the PAYE plan to eligible borrowers.		The servicer shall provide the PAYE plan to eligible borrowers.	Procedures
2.5.5.300.1-PAYE		Eligible Borrowers	Eligible Borrowers	The servicer shall allow only eligible new borrowers to enter the PAYE plan.		The servicer shall allow only eligible new borrowers to enter the PAYE plan.	Procedures
2.5.5.300.2-PAYE		Eligible Borrowers	Eligible Borrowers	The servicer shall determine whether the borrower has a partial financial hardship prior to applying the PAYE plan.		The servicer shall determine whether the borrower has a partial financial hardship prior to applying the PAYE plan.	Procedures

Attachment B

Income-Driven Repayment Plans - 2012 Requirements

2.5.5.300.3-PAYE	Eligible Borrowers	Eligible Borrowers	The servicer shall only allow borrowers who have a partial financial hardship to enter PAYE. For purpose of determining eligibility and payment amounts for married borrowers, if the borrower files a joint federal tax return, the servicer shall use both incomes and both eligible loan debts to calculate payment. If the borrower is married filing separately, the servicer shall use only the borrower's income and borrower's eligible loan debt.	The servicer shall only allow borrowers who have a partial financial hardship to enter PAYE. For purpose of determining eligibility and payment amounts for married borrowers, if the borrower files a joint federal tax return, the servicer shall use both incomes and both eligible loan debts to calculate payment. If the borrower is married filing separately, the servicer shall use only the borrower's income and borrower's eligible loan debt.
2.5.5.300.4-PAYE	Eligible Borrowers	Married Borrowers		
2.5.5.300.5-PAYE	Eligible Borrowers	Married Borrowers		
2.5.5.400-PAYE	Eligibility and Application Processing	Eligibility and Application Processing	The servicer shall process PAYE applications and documentation received from the borrower and determine eligibility. The servicer shall provide OMB forms required to capture borrower data for income driven repayment plans. The servicer shall determine whether the borrower has a partial financial hardship prior to applying the PAYE plan. The servicer shall determine eligibility for PAYE upon receipt of the borrower's AGI or Alternative Documentation of Income. The servicer shall calculate and store the Standard-Standard payment amount. The servicer shall calculate and store the Permanent-Standard payment amount.	The servicer shall process PAYE applications and documentation received from the borrower and determine eligibility. The servicer shall provide OMB forms required to capture borrower data for income driven repayment plans. The servicer shall determine whether the borrower has a partial financial hardship prior to applying the PAYE plan. The servicer shall determine eligibility for PAYE upon receipt of the borrower's AGI or Alternative Documentation of Income. The servicer shall calculate and store the Standard-Standard payment amount. The servicer shall calculate and store the Permanent-Standard payment amount.
2.5.5.400.1-PAYE	Eligibility and Application Processing	Eligibility and Application Processing		
2.5.5.400.2-PAYE	Eligibility and Application Processing	Eligibility and Application Processing		
2.5.5.400.3-PAYE	Eligibility and Application Processing	Eligibility and Application Processing		
2.5.5.400.4-PAYE	Eligibility and Application Processing	Eligibility and Application Processing		
2.5.5.400.5-PAYE	Eligibility and Application Processing	Eligibility and Application Processing		
2.5.5.500-PAYE	IBR/IRS Interface	Application Processing	Federal Servicer shall provide the link to the electronic income driven repayment plan application (hereinafter referred to as "eApp") to their borrowers (e.g. provide link in repayment plan information on the website).	Federal Servicer shall provide the link to the electronic income driven repayment plan application (hereinafter referred to as "eApp") to their borrowers (e.g. provide link in repayment plan information on the website).
2.5.5.500.1-PAYE	IBR/IRS Interface	Application Processing	Federal Servicer shall process all eApps received from COD.	Federal Servicer shall process all eApps received from COD.
2.5.5.501-PAYE	IBR/IRS Interface	Notification	Federal Servicers shall notify applicant of eApp status within 7 days of receipt from COD.	Federal Servicers shall notify applicant of eApp status within 7 days of receipt from COD.
2.5.5.502-PAYE	IBR/IRS Interface	Application Processing	Federal Servicers shall receive eApp data through a new schema in xml format through the LDE interface starting on the agreed upon implementation date.	Federal Servicers shall receive eApp data through a new schema in xml format through the LDE interface starting on the agreed upon implementation date.
2.5.5.502.1-PAYE	IBR/IRS Interface	Application Processing	Federal Servicers shall receive the new eApp schema via SAIG.	Federal Servicers shall receive the new eApp schema via SAIG.
2.5.5.502.2-PAYE	IBR/IRS Interface	Application Processing	If the federal servicer has a commercial-side that wants to participate, the federal servicer shall provide its commercial FPEL servicer loan D(s) to COD for mapping purposes by August 3, 2012.	If the federal servicer has a commercial-side that wants to participate, the federal servicer shall provide its commercial FPEL servicer loan D(s) to COD for mapping purposes by August 3, 2012.
2.5.5.600-PAYE	Income Processing	Income Request	For borrowers not on Permanent-Standard, the servicer shall require that the borrower certify family size and submit updated income documentation to the servicer by the hard deadline.	For borrowers not on Permanent-Standard, the servicer shall require that the borrower certify family size and submit updated income documentation to the servicer by the hard deadline.
2.5.5.600.1-PAYE	Income Processing	Default Family Size	For borrowers who fail to certify family size, the servicer shall assume a family size of one.	For borrowers who fail to certify family size, the servicer shall assume a family size of one.
2.5.5.700-PAYE	Payment Amount	Calculating the Payment	The servicer shall calculate the monthly payment amount for borrowers being placed on PAYE and shall annually recalculate the monthly payment amount based on the borrower's updated AGI, family size and loan balance, as well as updated HHS poverty guidelines and variable interest rates.	The servicer shall calculate the monthly payment amount for borrowers being placed on PAYE and shall annually recalculate the monthly payment amount based on the borrower's updated AGI, family size and loan balance, as well as updated HHS poverty guidelines and variable interest rates.
2.5.5.700.1-PAYE	Payment Amount	Calculating the Payment	The servicer shall calculate a borrower's monthly payment amount under PAYE as 10 percent of the amount by which the borrower's AGI exceeds 150 percent of the most recent poverty guideline for their family size and state, divided by 12.	The servicer shall calculate a borrower's monthly payment amount under PAYE as 10 percent of the amount by which the borrower's AGI exceeds 150 percent of the most recent poverty guideline for their family size and state, divided by 12.

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2.5.5.700.2-PAYE	Payment Amount	Married Borrowers	For married borrowers that both have eligible loans and filed a joint Federal tax return, the servicer shall determine – (A) Each borrower's percentage of the couple's total eligible loan debt. (B) The adjusted monthly payment for the borrower that applied for PAYE by multiplying the calculated payment by the appropriate percentage. The servicer shall determine if a borrower has eligible loans held by another loan holder or are serviced by another servicer and adjust the monthly payment by multiplying the calculated payment by the percentage of total outstanding principal amount of eligible loans that are held by the loan holder. NSLDS may be used to verify loans held by another loan holder for this purpose.	For married borrowers that both have eligible loans and filed a joint Federal tax return, the servicer shall determine – (A) Each borrower's percentage of the couple's total eligible loan debt. (B) The adjusted monthly payment for the borrower that applied for PAYE by multiplying the calculated payment by the appropriate percentage. The servicer shall determine if a borrower has eligible loans held by another loan holder or are serviced by another servicer and adjust the monthly payment by multiplying the calculated payment by the percentage of total outstanding principal amount of eligible loans that are held by the loan holder. NSLDS may be used to verify loans held by another loan holder for this purpose.
2.5.5.700.3-PAYE	Payment Amount	Other Loans		
2.5.5.700.4-PAYE	Payment Amount	Mixed IBR and PAYE		
2.5.5.700.5-PAYE	Payment Amount	Minimum Payment	The servicer shall adjust the borrower's PAYE fixed payment amount to \$0.00 if the calculated payment is less than \$5.00.	The servicer shall adjust the borrower's PAYE fixed payment amount to \$0.00 if the calculated payment is less than \$5.00.
2.5.5.700.6-PAYE	Payment Amount	Minimum Payment	The servicer shall adjust the borrower's PAYE fixed payment amount to \$10.00 if the calculated payment is greater than or equal to \$5.00, but less than \$10.00.	The servicer shall adjust the borrower's PAYE fixed payment amount to \$10.00 if the calculated payment is greater than or equal to \$5.00, but less than \$10.00.
2.5.5.701-PAYE	Payment Amount	Recalculation	The servicer shall accommodate a borrower's request to have his or her PAYE monthly payment amount recalculated because the borrower's financial circumstances have changed since the payment amount was last calculated and the servicer shall reset the borrower's anniversary date to the date the servicer made its last determination of partial financial hardship.	The servicer shall accommodate a borrower's request to have his or her PAYE monthly payment amount recalculated because the borrower's financial circumstances have changed since the payment amount was last calculated and the servicer shall reset the borrower's anniversary date to the date the servicer made its last determination of partial financial hardship.
2.5.5.702-PAYE	Payment Amount	Payments Pending Calculations	If the servicer cannot process documentation prior to the expiration of any anniversary period, the servicer shall maintain the borrower's payment amount at the PAYE payment amount for the previous anniversary period until the servicer can determine the new scheduled payment amount, provided that the servicer receives updated income documentation by the hard deadline.	If the servicer cannot process documentation prior to the expiration of any anniversary period, the servicer shall maintain the borrower's payment amount at the PAYE payment amount for the previous anniversary period until the servicer can determine the new scheduled payment amount, provided that the servicer receives updated income documentation by the hard deadline.
2.5.5.702.1-PAYE	Payment Amount	Payments Pending Calculations	If the servicer cannot process the documentation that was submitted by the hard deadline prior to the anniversary date, the servicer maintains the borrower's anniversary date notwithstanding the delay.	If the servicer cannot process the documentation that was submitted by the hard deadline prior to the anniversary date, the servicer maintains the borrower's anniversary date notwithstanding the delay.
2.5.5.702.2-PAYE	Payment Amount	Payments Pending Calculations	Regardless of whether the eventual evaluation results in the borrower being placed on Permanent-Standard, the servicer shall hold the borrower harmless for all purposes for payments made at the prior payment amount, e.g., PSLF, PAYE forgiveness, delinquency, etc. EXAMPLE: For example, a borrower's anniversary period runs from July 1, 2012 - June 30, 2013 (2012-2013 PPH payment). The borrower's 2012-2013 PPH payment amount is \$100. The borrower submits income documentation by the hard deadline, June 5, 2013, but the servicer cannot process that documentation prior to the borrower's anniversary date. The servicer maintains the \$100 PPH payment amount from 2012-2013 until the servicer calculates a new PPH payment amount. The servicer calculates the new PPH payment amount of \$120. The payments of \$100 made during the 2013-2014 PPH payment period, and while the servicer was calculating the new PPH payment amount, will qualify for PAYE/PSLF forgiveness and the servicer must not consider these payment delinquent or otherwise treat the payments as contributing to delinquency.	Regardless of whether the eventual evaluation results in the borrower being placed on Permanent-Standard, the servicer shall hold the borrower harmless for all purposes for payments made at the prior payment amount, e.g., PSLF, PAYE forgiveness, delinquency, etc. EXAMPLE: For example, a borrower's anniversary period runs from July 1, 2012 - June 30, 2013 (2012-2013 PPH payment). The borrower's 2012-2013 PPH payment amount is \$100. The borrower submits income documentation by the hard deadline, June 5, 2013, but the servicer cannot process that documentation prior to the borrower's anniversary date. The servicer maintains the \$100 PPH payment amount from 2012-2013 until the servicer calculates a new PPH payment amount. The servicer calculates the new PPH payment amount of \$120. The payments of \$100 made during the 2013-2014 PPH payment period, and while the servicer was calculating the new PPH payment amount, will qualify for PAYE/PSLF forgiveness and the servicer must not consider these payment delinquent or otherwise treat the payments as contributing to delinquency.

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2.5.5.702.3-PAYE	Payment Amount	Payments Pending Calculations	If the new payment amount is less than the old payment amount, the servicer shall apply the excess as a lump sum payment unless the borrower request otherwise.		
2.5.5.702.4-PAYE	Payment Amount	Payments Pending Calculations			
2.5.5.703-PAYE	Payment Amount	No PFH or No Income Docs Received	The servicer shall, for a borrower who no longer exhibits a partial financial hardship or fails to submit updated income documentation by the hard deadline (and the servicer cannot process the income documentation prior to the borrower's anniversary date), set their monthly payment to the Permanent-Standard payment amount on the borrower's anniversary date.	The servicer shall, for a borrower who no longer exhibits a partial financial hardship or fails to submit updated income documentation by the hard deadline (and the servicer cannot process the income documentation prior to the borrower's anniversary date), set their monthly payment to the Permanent-Standard payment amount on the borrower's anniversary date.	Procedures, Correspondence, Sample Calculations, Sample Amortization Schedules
2.5.5.704-PAYE	Payment Amount	Income Docs Received Late	If a borrower submits income documentation after the hard deadline, and after the servicer sets the Permanent-Standard payment amount, and the borrower still has a partial financial hardship, the servicer shall reset the borrower's anniversary date to the date the servicer made its last determination of partial financial hardship and apply forbearance as described in requirement 2.5.5.900.2, if applicable.		Procedures, Correspondence, Sample Calculations, Sample Amortization Schedules
2.5.5.704.1-PAYE	Payment Amount	Income Docs Received Late	The servicer shall consider payments made at the prior payment amount to be qualifying payments for Public Service Loan Forgiveness, as long as they otherwise qualify.	The servicer shall consider payments made at the prior payment amount to be qualifying payments for Public Service Loan Forgiveness, as long as they otherwise qualify.	Procedures, Correspondence, Sample Calculations, Sample Amortization Schedules
2.5.5.705-PAYE	Payment Amount	Exiting PAYE	The servicer shall allow borrowers to immediately exit PAYE if there is term remaining on the plan that they wish to repay their loans under.	The servicer shall allow borrowers to immediately exit PAYE if there is term remaining on the plan that they wish to repay their loans under.	Procedures, Correspondence, Sample Calculations, Sample Amortization Schedules
2.5.5.706-PAYE	Payment Amount	Exiting Forced PAYE	If the borrower is required to repay the consolidation loan under the PAYE ("forced PAYE"), the borrower must make three consecutive on-time monthly payments of a payment amount based on income (not interest only payments) before changing to another plan. If the borrower's scheduled payment is \$0.00, the borrower is required to make 3 consecutive monthly payments of at least \$5.00 prior to changing to another plan. Note: Forced PAYE is only for consolidation loans that will be transferred to the servicer. Servicer's will never place a borrower onto the forced PAYE plan unless correcting an error.	If the borrower is required to repay the consolidation loan under the PAYE ("forced PAYE"), the borrower must make three consecutive on-time monthly payments of a payment amount based on income (not interest only payments) before changing to another plan. If the borrower's scheduled payment is \$0.00, the borrower is required to make 3 consecutive monthly payments of at least \$5.00 prior to changing to another plan. Note: Forced PAYE is only for consolidation loans that will be transferred to the servicer. Servicer's will never place a borrower onto the forced PAYE plan unless correcting an error.	Procedures, Correspondence, Sample Calculations, Sample Amortization Schedules
2.5.5.800-PAYE	Repayment	Payment Application	The servicer will apply all payments received from borrowers who are repaying under PAYE first to accrued interest, then to collection costs, late charges and finally to outstanding loan principal.	The servicer will apply all payments received from borrowers who are repaying under PAYE first to accrued interest, then to collection costs, late charges and finally to outstanding loan principal.	Procedures, Screenshots, Sample Payment and Account Transactions
2.5.5.801-PAYE	Repayment	Prepayment/Lump Sum	The servicer shall allow the borrower to prepay the loan without penalty.	The servicer shall allow the borrower to prepay the loan without penalty.	Procedures, Screenshots, Sample Payment and Account Transactions
2.5.5.801.1-PAYE	Repayment	Prepayment/Lump Sum	The servicer shall apply the excess payment to collection costs and late charges, then interest and then principal as a prepayment if the prepayment amount equals or exceeds a monthly payment amount of \$10.00 or more.		

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2.5.5.801.2-PAYE	Repayment	Prepayment/Lump Sum	The servicer shall apply the excess payment as a prepayment to interest, then collection costs and late charges, and then principal, if the repayment amount is greater than \$0.00 but less than \$10.00.			Procedures, Screenshots, Sample Payment and Account Transactions
2.5.5.802-PAYE	Repayment	Payment Return	For borrowers who failed to submit income documentation by the hard deadline, if a borrower submits income documentation after the payment amount has been recalculated to be the Permanent			Procedures, Screenshots, Sample Payment and Account Transactions
2.5.5.803-PAYE	Repayment	Capitalization	The servicer shall only capitalize unpaid, accrued interest for borrowers on the PAYE Plan when the borrower is placed on the permanent-standard repayment plan or exiting PAYE.			Procedures, Screenshots, Sample Payment and Account Transactions
NFP-5066.01-MODIFIED	Repayment	Capitalization	This requirement overrides any other capitalization requirement. The servicer shall capitalize interest on the day after the borrower leaves the PAYE / PAYE plan or no longer has a PFH, except as provided in requirement 5066.04. When the borrower no longer has a PFH, the servicer shall capitalize interest up to an aggregate cap of 10% of OPB when entering PAYE. After the outstanding principal amount is ten percent greater than the original principal amount, interest continues to accrue but is not capitalized while the borrower remains on the PAYE Plan.			Procedures, Screenshots, Sample Payment and Account Transactions
2.5.5.803.2-PAYE	Repayment	Capitalization				Procedures, Screenshots, Sample Payment and Account Transactions
2.5.5.803.3-PAYE	Repayment	Capitalization	For a borrower who is repaying under PAYE and receives a delinquent or forbearance and still has a PFH when the delinquent period ends, unpaid interest is not capitalized at the end of the delinquent or forbearance.			Procedures, Screenshots, Sample Payment and Account Transactions
2.5.5.803.4-PAYE	Repayment	Capitalization	For a borrower who is repaying under PAYE, receives a delinquent or forbearance, and loses PFH status while the delinquent or forbearance is running, unpaid interest is not capitalized until the end of the delinquent or forbearance.			Procedures, Screenshots, Sample Payment and Account Transactions
2.5.5.900-PAYE	Forbearance	Eligibility and Application Processing	The servicer may apply an administrative forbearance to cover payments of principal and interest that are overdue or would be due while the servicer is collecting and processing income documentation, eligibility and payment amount. The servicer may begin the administrative forbearance when the borrower indicates intention to submit income documentation, via means such as a phone call or receipt of an eApp.			Procedures, Screenshots, Sample Payment and Account Transactions
2.5.5.901-PAYE	Forbearance	Income Docs Received Late	If a borrower submits income documentation after the hard deadline, and after the servicer sets the Permanent-Standard payment amount, and the borrower still has a partial financial hardship, the servicer shall apply an administrative forbearance to cover payments that were overdue at the time the borrower was determined to have a PFH. The servicer shall not capitalize interest that accrued during the period of the administrative forbearance and after the servicer set the Permanent-Standard payment amount.			Procedures, Screenshots, Sample Payment and Account Transactions
2.5.5.1000-PAYE	Forgiveness	Forgiveness	The servicer shall process the loan forgiveness after the borrower has satisfied 20 years of repayment on PAYE.			Procedures, Screenshots, Sample Payment and Account Transactions
2.5.5.1000.1-PAYE	Forgiveness	Forgiveness	To qualify for loan forgiveness after 20 years of repayment, the servicer shall require that the borrower must have made at least 240 payments by satisfying at least one of the following conditions:			Procedures, Screenshots, Sample Payment and Account Transactions

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2.5.5.1000.1-a-PAYE	Forgiveness	Forgiveness	Made monthly loan payments, equal to or greater than \$0 dollars, based on a partial financial hardship.	Made monthly loan payments, equal to or greater than \$0 dollars, based on a partial financial hardship.
2.5.5.1000.1-b-PAYE	Forgiveness	Forgiveness	Made monthly loan payments under the 10-year standard repayment plan or any other repayment plan that were equal to or greater than the 10-year standard payment plan.	Made monthly loan payments under the 10-year standard repayment plan or any other repayment plan that were equal to or greater than the 10-year standard payment plan.
2.5.5.1000.1-c-PAYE	Forgiveness	Forgiveness	Made monthly loan payments for the amount of the Permanent-Standard payment, after the borrower no longer had a partial financial hardship or after the borrower stopped making income-based payments.	Made monthly loan payments for the amount of the Permanent-Standard payment, after the borrower no longer had a partial financial hardship or after the borrower stopped making income-based payments.
2.5.5.1000.1-d-PAYE	Forgiveness	Forgiveness	Received an economic hardship deferment on eligible loans.	Received an economic hardship deferment on eligible loans.
2.5.5.1000.1-e-PAYE	Forgiveness	Forgiveness	Made monthly loan payments under ICR3/ICR-B.	Made monthly loan payments under ICR3/ICR-B.
2.5.5.1001-PAYE	Forgiveness	Forgiveness Period	The servicer shall begin the loan forgiveness period of 20 year of payments on the date the borrower makes a qualifying payment or receives an economic hardship deferment on an eligible loan.	The servicer shall begin the loan forgiveness period of 20 year of payments on the date the borrower makes a qualifying payment or receives an economic hardship deferment on an eligible loan.
2.5.5.1001.1-PAYE	Forgiveness	Forgiveness Period	If the borrower made payments under ICR, the servicer shall begin the forgiveness period on the date the borrower made a payment on the loan under ICR any time after July 1, 1994.	If the borrower made payments under ICR, the servicer shall begin the forgiveness period on the date the borrower made a payment on the loan under ICR any time after July 1, 1994.
2.5.5.1001.2-PAYE	Forgiveness	Forgiveness Period	If the borrower did not make payments under ICR, the servicer shall not begin the forgiveness period earlier than July 1, 2009.	If the borrower did not make payments under ICR, the servicer shall not begin the forgiveness period earlier than July 1, 2009.
2.5.5.1001.3-PAYE	Forgiveness	Forgiveness Period	The servicer shall allow for beginning the loan forgiveness period on different dates for different loans.	The servicer shall allow for beginning the loan forgiveness period on different dates for different loans.
2.5.5.1002-PAYE	Forgiveness	Automatic Forgiveness	The servicer shall not require the borrower to request forgiveness; the servicer shall process forgiveness of eligible loans automatically.	The servicer shall not require the borrower to request forgiveness; the servicer shall process forgiveness of eligible loans automatically.
2.5.5.1003-PAYE	Forgiveness	IRS Reporting	The servicer shall provide 1098 and 1099 Reporting	The servicer shall provide 1098 and 1099 Reporting
2.5.5.1003.1-PAYE	Forgiveness	IRS Reporting	Servicers will file a 1099-C with the IRS and send a copy to the borrower who received discharges for the following reasons: (1) death, (2) TPD, and (3) ICR/IBR maximum term. 1099-C are filed for borrowers with total discharged amounts of \$600.00 or more.	Servicers will file a 1099-C with the IRS and send a copy to the borrower who received discharges for the following reasons: (1) death, (2) TPD, and (3) ICR/IBR maximum term. 1099-C are filed for borrowers with total discharged amounts of \$600.00 or more.
2.5.5.1100-PAYE	Interest Subsidy	Neg Am	The servicer shall process interest subsidy if a subsidized loan negatively amortizes under PAYE to cover the amount of the negative amortization, for up to three consecutive years from the repayment start date under PAYE, excluding periods of economic hardship deferment, and, for a Consolidation Loan, including any periods of interest subsidy on an underlying loan, (e.g., A borrower enters IBR and makes payments under IBR for a year. The borrower then enters economic hardship deferment for a year. The borrower resumes payment under IBR and has a PFH. When the borrower resumes payment under IBR, the borrower has two years of interest subsidy remaining.)	The servicer shall process interest subsidy if a subsidized loan negatively amortizes under PAYE, or IBR, to cover the amount of the negative amortization, for up to three consecutive years from the repayment start date under PAYE, or IBR, excluding periods of economic hardship deferment, and, for a Consolidation Loan, including any periods of interest subsidy on an underlying loan, (e.g., A borrower enters IBR and makes payments under IBR for a year. The borrower then enters economic hardship deferment for a year. The borrower resumes payment under IBR and has a PFH. When the borrower resumes payment under IBR, the borrower has two years of interest subsidy remaining.)
2.5.5.1100.1-PAYE	Interest Subsidy	Neg Am	Other deferments under PAYE - If the borrower receives other deferments under PAYE, the servicer shall process subsidy during the deferment period, but the deferment period is not excluded from the three consecutive years of interest subsidy for negative amortization under PAYE. (e.g., A borrower enters PAYE/ICR-3 and makes payments under PAYE/ICR-3 for a year. The borrower then enters economic hardship deferment for a year. The borrower resumes payment under PAYE/ICR-3 and has a PFH. The borrower has one year of interest subsidy remaining.)	Other deferments under PAYE - If the borrower receives other deferments under PAYE, the servicer shall process subsidy during the deferment period, but the deferment period is not excluded from the three consecutive years of interest subsidy for negative amortization under PAYE. (e.g., A borrower enters PAYE/ICR-3 and makes payments under PAYE/ICR-3 for a year. The borrower then enters economic hardship deferment for a year. The borrower resumes payment under PAYE/ICR-3 and has a PFH. The borrower has one year of interest subsidy remaining.)
2.5.5.1100.2-PAYE	Interest Subsidy	Neg Am	Forbearance under PAYE - The servicer shall not process subsidy for negative amortization under PAYE during the forbearance period. Also, the servicer shall reduce the three consecutive years of interest subsidy for negative amortization by the time in forbearance. (e.g., A borrower enters IBR and makes payments under IBR for a year. The borrower then enters a general forbearance for a year. The borrower resumes payment under IBR and has a PFH. The borrower has one year of interest subsidy remaining.)	Forbearance under PAYE - The servicer shall not process subsidy for negative amortization under PAYE during the forbearance period. Also, the servicer shall reduce the three consecutive years of interest subsidy for negative amortization by the time in forbearance. (e.g., A borrower enters IBR and makes payments under IBR for a year. The borrower then enters a general forbearance for a year. The borrower resumes payment under IBR and has a PFH. The borrower has one year of interest subsidy remaining.)

Income-Driven Repayment Plans - 2012 Requirements

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2.5.5.1201-PAYE		Notifications	Recalculation	If the federal servicer recalculates the borrower's monthly payment amount based on the borrower's request, the federal servicer must send the borrower a new annual notification of terms and conditions.	Procedures, Correspondence, Sample History
2.5.5.1202-PAYE		Notifications	Income Request	For borrowers not on Permanent-Standard, the servicer shall send the borrower, and the borrower's spouse if applicable, a written request for AGI or other documentation of income and certification of family size. The servicer shall send the notice 60 days before the soft deadline. The written request must include:	Procedures, Correspondence, Sample History
2.5.5.1202-a-PAYE		Notifications	Income Request	The soft deadline.	Procedures, Correspondence, Sample History
2.5.5.1202-b-PAYE		Notifications	Income Request	The consequences if the borrower does not submit updated information by the hard deadline, including explanation that the monthly payment amount will increase, what the new monthly payment amount will be, and that any unpaid interest will be capitalized at the end of the current annual payment period.	Procedures, Correspondence, Sample History
2.5.5.1203-PAYE		Notifications	Forgiveness Prep	The servicer shall, no later than 6 months prior to the anticipated date that the borrower will meet the forgiveness requirements, send the borrower a written notice including:	Procedures, Correspondence, Sample History
2.5.5.1203-a-PAYE		Notifications	Forgiveness Prep	An explanation that the borrower is approaching the date that he or she is expected to meet the requirements to receive loan forgiveness.	Procedures, Correspondence, Sample History
2.5.5.1203-b-PAYE		Notifications	Forgiveness Prep	A reminder that the borrower must continue to make the borrower's scheduled monthly payments to receive forgiveness, and	Procedures, Correspondence, Sample History
2.5.5.1203-c-PAYE		Notifications	Forgiveness Prep	General information on the current treatment of the forgiveness amount for tax purposes, including information on the 1099-C, and instructions for the borrower to contact the Internal Revenue Service for more information.	Procedures, Correspondence, Sample History
2.5.5.1204-PAYE		Notifications	Forgiveness Notification	The servicer shall, upon determining that the borrower has satisfied the loan forgiveness requirements, notify the borrower in writing of forgiveness, including:	Procedures, Correspondence, Sample History
2.5.5.1204-a-PAYE		Notifications	Forgiveness Notification	Notice that the borrower's obligation on the loans is satisfied.	Procedures, Correspondence, Sample History
2.5.5.1204-b-PAYE		Notifications	Forgiveness Notification	General information on the current treatment of the forgiveness amount for tax purposes, including information on the 1099-C, and instructions for the borrower to contact the Internal Revenue Service for more information.	Procedures, Correspondence, Sample History
2.5.5.1300-PAYE		Reporting	Repayment Plans	The servicer shall uniquely identify all income-driven repayment plans in NSLDS reporting.	Procedures, Correspondence, Sample Data Files
2.5.5.1301-PAYE		Reporting	Transfer/EAZ7		

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Income-Driven Repayment Plans - 2012 Requirements

ICR Requirements				Requirement		Revised Requirement		Artifacts	
ICR Requirements #	NFP Requirements #	Topic	Subtopic	The servicer shall be held to understand the following definitions for the purpose of these requirements.		The servicer shall be held to understand the following definitions for the purpose of these requirements.		Procedures	Artifacts
2.5.5.100-ICR		Definitions	Definitions	Permanent-Standard: The 10-year standard payment amount calculated using the loan balance that was outstanding when the borrower began repayment on the loan under ICR. For consolidation loans, the Permanent-Standard payment amount is a 10-year standard payment amount regardless of whether the borrower's consolidation loan qualified for a repayment term beyond 10 years.		Permanent-Standard: The 10-year standard payment amount calculated using the loan balance that was outstanding when the borrower began repayment on the loan under ICR. For consolidation loans, the Permanent-Standard payment amount is a 10-year standard payment amount regardless of whether the borrower's consolidation loan qualified for a repayment term beyond 10 years.			
2.5.5.100-a-ICR		Definitions	Definitions	Anniversary Date: the Month and day on which the borrower entered ICR. e.g., July 1.		Anniversary Date: the Month and day on which the borrower entered ICR. e.g., July 1.			
2.5.5.100-b-ICR		Definitions	Definitions	Annual Payment Period: the period of one year for which a borrower's payment is effective, based on the anniversary date. e.g., July 1, 2012 - June 30, 2013.		Annual Payment Period: the period of one year for which a borrower's payment is effective, based on the anniversary date. e.g., July 1, 2012 - June 30, 2013.			
2.5.5.100-d-ICR		Definitions	Definitions	Soft Deadline: the date by which the borrower should submit updated income documentation as part of the annual recertification process 35 days prior to the borrower's anniversary date. e.g., for an anniversary date of July 1, May 27.		Soft Deadline: the date by which the borrower should submit updated income documentation as part of the annual recertification process 35 days prior to the borrower's anniversary date. e.g., for an anniversary date of July 1, May 27.			
2.5.5.100-e-ICR		Definitions	Definitions	Hard Deadline: 10 days after the soft deadline. e.g., for an anniversary date of July 1, June 6.		Hard Deadline: 10 days after the soft deadline. e.g., for an anniversary date of July 1, June 6.			
2.5.5.200-ICR		Eligible Loans	Eligible Loans	The servicer shall provide the Income Contingent-B Repayment plan to borrowers with eligible loans.		The servicer shall provide the Income Contingent-B Repayment plan to borrowers with eligible loans.			
2.5.5.200.1-ICR	5027 05 - REPLACED	Eligible Loans	Eligible Loans	The servicer shall allow all DL Program loans except defaulted loans. Parent PLUS and PLUS Consolidation loans to be repaid under ICR.		The servicer shall allow all DL Program loans except defaulted loans. Parent PLUS and PLUS Consolidation loans to be repaid under ICR.			
2.5.5.200.2-ICR		Eligible Loans	Eligible Loans	The servicer shall require borrowers who request ICR to repay all eligible loans under that plan.		The servicer shall require borrowers who request ICR to repay all eligible loans under that plan.			
2.5.5.200.3-ICR		Eligible Loans	Eligible Loans	The servicer shall allow borrowers with ineligible loans to repay those loans separately so that eligible loans can be repaid under ICR.		The servicer shall allow borrowers with ineligible loans to repay those loans separately so that eligible loans can be repaid under ICR.			
2.5.5.300-ICR	5019.00	Eligible Borrowers	Eligible Borrowers	The servicer shall provide a "Pre 7/1/99" Income Contingent repayment plan options (ICR1 & ICR2) for borrowers eligible for this plan. Only borrowers with loans currently on this plan are eligible for this repayment option.		The servicer shall provide a "Pre 7/1/99" Income Contingent repayment plan options (ICR1 & ICR2) for borrowers eligible for this plan. Only borrowers with loans currently on this plan are eligible for this repayment option.			Examples (such as screen shots/correspondence) of borrowers on the ICR1 and ICR2 plans. Must show term and payment amount.
2.5.5.301-ICR		Eligible Borrowers	Eligible Borrowers	The servicer shall provide the ICR plan to eligible borrowers.		The servicer shall provide the ICR plan to eligible borrowers.			Procedures. Examples (such as screen shots/correspondence) of borrowers on the ICR plan. Artifact must show term and payment amount as well as additional information such as sep date, original first due date, income information, and time spent in default to validate payment term amount calculations.
2.5.5.302-ICR		Eligible Borrowers	Married Borrowers	For joint consolidation loans, the servicer shall use both borrowers' incomes and both borrowers' eligible loan debts to calculate payment, regardless of tax return filing status.		For joint consolidation loans, the servicer shall use both borrowers' incomes and both borrowers' eligible loan debts to calculate payment, regardless of tax return filing status.			Procedures. Examples (such as screen shots/correspondence) of borrowers on the ICR plan. Artifact must show term and payment amount as well as additional information such as sep date, original first due date, income information, and time spent in default to validate payment term amount calculations.
2.5.5.400-ICR		Application Processing	Application Processing	The servicer shall process ICR applications and documentation received from the borrower and determine payment amount.		The servicer shall process ICR applications and documentation received from the borrower and determine payment amount.			Procedures. Screenshots
2.5.5.400.1-ICR		Application Processing	Application Processing	The servicer shall provide OMB forms required to capture borrower data for income driven repayment plans.		The servicer shall provide OMB forms required to capture borrower data for income driven repayment plans.			
2.5.5.400.2-ICR		Application Processing	Application Processing	The servicer shall determine eligibility for ICR upon receipt of the borrowers AGI or Alternative Documentation of Income.		The servicer shall determine eligibility for ICR upon receipt of the borrowers AGI or Alternative Documentation of Income.			
2.5.5.400.3-ICR		Application Processing	Application Processing	The servicer shall calculate and store the Permanent-Standard payment amount.		The servicer shall calculate and store the Permanent-Standard payment amount.			
2.5.5.500-ICR		ICR Requests	ICR Requests	The servicer shall require that the borrower certify family size and submit updated income documentation to the servicer by the hard deadline.		The servicer shall require that the borrower certify family size and submit updated income documentation to the servicer by the hard deadline.			Procedures, Correspondence
2.5.5.600-ICR		Income Processing	Income Request	The servicer shall require that the borrower certify family size and submit updated income documentation to the servicer by the hard deadline.		The servicer shall require that the borrower certify family size and submit updated income documentation to the servicer by the hard deadline.			Procedures, Correspondence

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Income-Driven Repayment Plans - 2012 Requirements

2.5.5.600.1-ICR	Income Processing	Default Family Size	For borrowers who fail to certify family size, the servicer shall assume a family size of one or the family size last certified by the borrower, whichever is greater.		
2.5.5.600.2-ICR	Income Processing	Alternative Documentation of Income	Federal servicers shall use other documentation of income provided by the borrower to calculate the borrower's monthly payment amount if a borrower's AGI is not available or if, in the federal servicer's opinion, the borrower's reported AGI does not reasonably reflect the borrower's current income. (Federal servicers are no longer limited to using alternative documentation only in the first or second year of repayment.)	Federal servicers shall use other documentation of income provided by the borrower to calculate the borrower's monthly payment amount if a borrower's AGI is not available or if, in the federal servicer's opinion, the borrower's reported AGI does not reasonably reflect the borrower's current income. (Federal servicers are no longer limited to using alternative documentation only in the first or second year of repayment.)	Servicer should provide artifacts (such as screen shots/disclosure notices) Provide examples of borrowers on the ICR plan. Artifact must show term and payment amount as well as additional information such as sep date, original first due date, income information, and time spent in delinquent to validate payment term/amount calculations.
2.5.5.700-ICR	Payment Amount	Calculating the Payment	The servicer shall calculate borrower payments based on borrower income, once available, for the ICR plan.	The servicer shall calculate borrower payments based on borrower income, once available, for the ICR plan.	Servicer should provide artifacts (such as screen shots/disclosure notices) Provide examples of borrowers on the ICR plan. Artifact must show term and payment amount as well as additional information such as sep date, original first due date, income information, and time spent in delinquent to validate payment term/amount calculations.
2.5.5.701-ICR	Payment Amount	Calculating the Payment	The servicer shall calculate the monthly payment amount for borrowers being placed on ICR and shall annually recalculate the monthly payment amount based on the borrower's updated AGI, family size and loan balance, as well as updated HHS poverty guidelines, FSA's income percentage factors, and variable interest rates.	The servicer shall calculate the monthly payment amount for borrowers being placed on ICR and shall annually recalculate the monthly payment amount based on the borrower's updated AGI, family size and loan balance, as well as updated HHS poverty guidelines, FSA's income percentage factors, and variable interest rates.	Servicer should provide artifacts (such as screen shots/disclosure notices) Provide examples of borrowers on the ICR plan. Artifact must show term and payment amount as well as additional information such as sep date, original first due date, income information, and time spent in delinquent to validate payment term/amount calculations.
2.5.5.701.1-ICR	Payment Amount	Calculating the Payment	The servicer shall calculate monthly payment as lesser of a) Amount repaid annually over 12 years under standard amortization multiplied by income percentage factor corresponding to AGI divided by 12, or b) 20% of difference between AGI and 100% of poverty line amount, divided by 12.	The servicer shall calculate monthly payment as lesser of a) Amount repaid annually over 12 years under standard amortization multiplied by income percentage factor corresponding to AGI divided by 12, or b) 20% of difference between AGI and 100% of poverty line amount, divided by 12.	Procedures, Correspondence, Sample Calculations, Sample Amortization Schedules
2.5.5.701.2-ICR	Payment Amount	Calculating the Payment	When calculating the amount repaid annually over 12 years, the servicer shall use the Direct Loan balance that existed on the borrower's Direct Loans when the borrower's first Direct Loan entered repayment.	When calculating the amount repaid annually over 12 years, the servicer shall use the Direct Loan balance that existed on the borrower's Direct Loans when the borrower's first Direct Loan entered repayment.	
			The servicer shall calculate the monthly payment based on a Direct Loan balance, only if the balance when the Direct Loans entered repayment, under certain conditions, as follows: a) If the borrower subsequently obtains another Direct Loan, the servicer shall use the balance outstanding at the time the most recent loan entered repayment. b) If the borrower subsequently chooses to repay loans jointly with his or her spouse, the servicer shall use the Direct Loan balance outstanding at the time the borrowers chooses joint repayment. c) If the borrower's payments are less than interest accrued on the loan, the servicer shall use the sum of unpaid accrued interest and the highest outstanding principal loan amount (including amount capitalized) for that borrower while paying under the ICR plan.	The servicer shall calculate the monthly payment based on a Direct Loan balance, only if the balance when the Direct Loans entered repayment, under certain conditions, as follows: a) If the borrower subsequently obtains another Direct Loan, the servicer shall use the balance outstanding at the time the most recent loan entered repayment. b) If the borrower subsequently chooses to repay loans jointly with his or her spouse, the servicer shall use the Direct Loan balance outstanding at the time the borrowers chooses joint repayment. c) If the borrower's payments are less than interest accrued on the loan, the servicer shall use the sum of unpaid accrued interest and the highest outstanding principal loan amount (including amount capitalized) for that borrower while paying under the ICR plan.	
2.5.5.701.3-ICR	Payment Amount	Calculating the Payment	2012 poverty guidelines and income percentage factors available in 2012 poverty guidelines are required to update yearly to current guidelines factors.	2012 poverty guidelines and income percentage factors available in 2012 poverty guidelines are required to update yearly to current guidelines factors.	Servicer should provide artifacts (such as screen shots/disclosure notices) Provide examples of borrowers on the ICR plan. Artifact must show term and payment amount as well as additional information such as sep date, original first due date, income information, and time spent in delinquent to validate payment term/amount calculations.
2.5.5.701.4-ICR	Payment Amount	Calculating the Payment	The servicer shall apply the poverty guidelines (for the relevant family size) for the 48 contiguous States if the borrower is not a resident of a State identified in the poverty guidelines.	The servicer shall apply the poverty guidelines (for the relevant family size) for the 48 contiguous States if the borrower is not a resident of a State identified in the poverty guidelines.	

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2.5.5.701.5-ICR	Payment Amount	Calculating the Payment	For exact incomes not shown in the income percentage factor table, the servicer shall calculate an income percentage factor based on the intervals between the incomes and income percentage factors in the table (by linear interpolation).	For exact incomes not shown in the income percentage factor table, the servicer shall calculate an income percentage factor based on the intervals between the incomes and income percentage factors in the table (by linear interpolation).	
2.5.5.701.6-ICR	Payment Amount	Married Borrowers	For married borrowers filing a joint federal tax return, the servicer shall use the combined income of both spouses to calculate the payment amount. For married borrowers filing separately, the servicer shall use only the borrower's income and the borrower's eligible loan debt to calculate the payment amount, unless the borrowers choose to repay their loans jointly under the ICR plan.	For married borrowers filing a joint federal tax return, the servicer shall use the combined income of both spouses to calculate the payment amount. For married borrowers filing separately, the servicer shall use only the borrower's income and the borrower's eligible loan debt to calculate the payment amount, unless the borrowers choose to repay their loans jointly under the ICR plan. Servicer should provide artifacts (such as screen shots) showing disclosure of the servicer's calculation of the borrower's income and payment amount as well as additional information such as the date, original first due date, income information, and time spent in delinquency to validate payment term/amount calculations.	
2.5.5.701.7-ICR	Payment Amount	Married Borrowers	For married borrowers that choose to repay jointly, under the ICR plan, the servicer shall determine – (A) Each borrower's percentage of the couple's total eligible loan debt (B) The adjusted monthly payment for each borrower by multiplying the calculated payment by the appropriate percentage. (Married borrowers choosing to repay their loans jointly must provide documentation of both incomes, regardless of their filing status.)	For married borrowers that choose to repay jointly under the ICR plan, the servicer shall determine – (A) Each borrower's percentage of the couple's total eligible loan debt (B) The adjusted monthly payment for each borrower by multiplying the calculated payment by the appropriate percentage. (Married borrowers choosing to repay their loans jointly must provide documentation of both incomes, regardless of their filing status.)	
2.5.5.701.8-ICR	Payment Amount	Minimum Payment	The servicer shall adjust the borrower's ICR fixed payment amount to \$5.00 if the calculated payment is greater than \$0.00, but less than or equal to \$5.00.	The servicer shall adjust the borrower's ICR fixed payment amount to \$5.00 if the calculated payment is greater than \$0.00, but less than or equal to \$5.00.	
2.5.5.702-ICR	Payment Amount	Recalculation	The servicer may adjust the payment amount due to changes in the borrower's financial circumstances since the payment amount was last calculated and the servicer shall reset the borrower's anniversary date to the date the servicer last calculated the borrower's ICR payment.	The servicer may adjust the payment amount due to changes in the borrower's financial circumstances since the payment amount was last calculated and the servicer shall reset the borrower's anniversary date to the date the servicer last calculated the borrower's ICR payment.	Procedures
2.5.5.703-ICR	Payment Amount	Payments Pending Initial Income	The servicer shall place a borrower requesting ICR on interest only payments until income information has been received and a payment based on income has been calculated.	The servicer shall place a borrower requesting ICR on interest only payments until income information has been received and a payment based on income has been calculated.	Servicer should provide artifacts (such as screen shots) showing examples of an ICR borrower on interest only payment. Artifact must show term and payment amount as well as additional information such as the date, original first due date, and time spent in delinquency to validate payment term/amount calculations.
2.5.5.703.1-ICR	Payment Amount	Payments Pending Initial Income			Procedures, Screenshots
2.5.5.704-ICR	Payment Amount	Payments Pending Calculations	If the servicer cannot process documentation prior to the expiration of any anniversary period, the servicer shall maintain the borrower's payment amount at the ICR payment amount for the previous anniversary period until the servicer can determine the new scheduled payment amount, provided that the servicer receives updated income documentation within 10 days of the soft deadline (by the hard deadline).	If the servicer cannot process documentation prior to the expiration of any anniversary period, the servicer shall maintain the borrower's payment amount at the ICR payment amount for the previous anniversary period until the servicer can determine the new scheduled payment amount, provided that the servicer receives updated income documentation within 10 days of the soft deadline (by the hard deadline).	
2.5.5.704.1-ICR	Payment Amount	Payments Pending Calculations	If the servicer cannot process the documentation that was submitted by the hard deadline prior to the anniversary date, the servicer maintains the borrower's scheduled payment amount until the servicer receives updated income documentation. Regardless of whether the eventual payment amount changes, the servicer shall hold the borrower harmless for all purposes for payments made at the prior payment amount, e.g., PSLF, delinquency, etc.	If the servicer cannot process the documentation that was submitted by the hard deadline prior to the anniversary date, the servicer maintains the borrower's scheduled payment amount until the servicer receives updated income documentation. Regardless of whether the eventual payment amount changes, the servicer shall hold the borrower harmless for all purposes for payments made at the prior payment amount, e.g., PSLF, delinquency, etc.	
2.5.5.704.2-ICR	Payment Amount	Payments Pending Calculations	EXAMPLE: For example, a borrower's anniversary period runs from July 1, 2012, to June 30, 2013 (2012-2013 ICR payment). The borrower's 2012-2013 ICR payment amount is \$100. The borrower submits income documentation by the hard deadline, June 6, 2013, but the servicer cannot process that documentation prior to the borrower's anniversary date. The servicer maintains the \$100 ICR payment amount from 2012-2013 until the servicer calculates a new ICR payment amount. The servicer calculates the new ICR payment amount of \$120. The payments of \$100 made during the 2013-2014 ICR payment period, and while the servicer was calculating the new ICR payment amount, will qualify for PS/PSLF forgiveness and the servicer must not consider these payments delinquent or otherwise treat the payments as contributing to delinquency.	EXAMPLE: For example, a borrower's anniversary period runs from July 1, 2012, to June 30, 2013 (2012-2013 ICR payment). The borrower's 2012-2013 ICR payment amount is \$100. The borrower submits income documentation by the hard deadline, June 6, 2013, but the servicer cannot process that documentation prior to the borrower's anniversary date. The servicer maintains the \$100 ICR payment amount from 2012-2013 until the servicer calculates a new ICR payment amount. The servicer calculates the new ICR payment amount of \$120. The payments of \$100 made during the 2013-2014 ICR payment period, and while the servicer was calculating the new ICR payment amount, will qualify for PS/PSLF forgiveness and the servicer must not consider these payments delinquent or otherwise treat the payments as contributing to delinquency.	

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Income-Driven Repayment Plans - 2012 Requirements

		Payment Amount	Payments Pending Calculations	If the new payment amount is less than the old payment amount, the servicer shall apply the excess as a lump sum payment unless the borrower request otherwise.		
2.5.5.704.3-ICR						
2.5.5.705-ICR	5031 - REPLACED	Payment Amount	No Income Docs Received	The servicer shall, for borrowers who fail to submit updated income documentation by the hard deadline, set their monthly payment to the Permanent-Standard payment amount.	The servicer shall, for borrowers who fail to submit updated income documentation by the hard deadline, set their monthly payment to the Permanent-Standard payment amount.	Procedures, Correspondence, Sample Calculations, Sample Amortization Schedules
2.5.5.705.1-ICR	5027.03	Payment Amount	No Income Docs Received	Borrowers who are removed from a Pre-HEA plan, per their request, do NOT have the option of going back on a Pre-HEA plan UNLESS: - The borrower is being removed from ICR due to lack of required documentation. - The borrower is on the Consolidated Standard Plan with a term > 10 years and is requesting a Standard 10 year term for purposes of Public Service Loan Forgiveness.	Borrowers who are removed from a Pre-HEA plan, per their request, do NOT have the option of going back on a Pre-HEA plan UNLESS: - The borrower is being removed from ICR due to lack of required documentation. - The borrower is on the Consolidated Standard Plan with a term > 10 years and is requesting a Standard 10 year term for purposes of Public Service Loan Forgiveness.	Procedures, Correspondence, Sample Calculations, Sample Amortization Schedules
2.5.5.706-ICR		Payment Amount	Income Docs Received Late	If a borrower submits income documentation after the hard deadline, and after the servicer sets the Permanent-Standard payment amount, and the borrower still has a partial financial hardship, the servicer shall recalculate the borrower's monthly payment amount and apply forbearance as described in requirement 2.5.5.900.2, if applicable.	If a borrower submits income documentation after the hard deadline, and after the servicer sets the Permanent-Standard payment amount, and the borrower still has a partial financial hardship, the servicer shall recalculate the borrower's monthly payment amount and apply forbearance as described in requirement 2.5.5.900.2, if applicable.	Procedures, Correspondence, Sample Calculations, Sample Amortization Schedules
2.5.5.706.1-ICR		Payment Amount	Income Docs Received Late	The servicer shall consider payments made at the prior payment amount to be qualifying payments for Public Service Loan Forgiveness, as long as they otherwise qualify.	The servicer shall consider payments made at the prior payment amount to be qualifying payments for Public Service Loan Forgiveness, as long as they otherwise qualify.	
2.5.5.707-ICR		Payment Amount	Exiting ICR	The servicer shall allow borrowers to exit ICR if there is term remaining.	The servicer shall allow borrowers to exit ICR if there is term remaining.	Procedures, Correspondence, Sample Calculations, Sample Amortization Schedules
2.5.5.708-ICR	7 and 5027.04 - REPLACED	Payment Amount	Exiting ICR	Except for borrowers repaying under forced ICR, the servicer shall allow the borrowers exiting ICR to immediately enter another repayment plan.	Except for borrowers repaying under forced ICR, the servicer shall allow the borrowers exiting ICR to immediately enter another repayment plan.	
2.5.5.705.1-ICR	5027.02 - MODIFIED	Payment Amount	Exiting Forced ICR	If the borrower is required to repay the consolidation loan under the ICR ("forced ICR"), the borrower must make three consecutive on-time monthly payments of a payment amount based on income (not interest only payments) before changing to another plan. If the borrower's scheduled payment is \$0.00, the borrower is required to make 3 consecutive monthly payments of at least \$5.00 prior to changing to another plan. Note: Forced ICR is only for consolidation loans that will be transferred to the servicer. Servicer's will never place a borrower onto the forced ICR plan unless correcting an error.	If the borrower is required to repay the consolidation loan under the ICR ("forced ICR"), the borrower must make three consecutive on-time monthly payments of a payment amount based on income (not interest only payments) before changing to another plan. If the borrower's scheduled payment is \$0.00, the borrower is required to make 3 consecutive monthly payments of at least \$5.00 prior to changing to another plan. Note: Forced ICR is only for consolidation loans that will be transferred to the servicer. Servicer's will never place a borrower onto the forced ICR plan unless correcting an error.	
2.5.5.709-ICR		Payment Amount	Neg Am	If the borrower's payments are less than interest accrued on the loan, the servicer shall recalculate the payment based on unpaid accrued interest and the highest outstanding principal loan amount (including amount capitalized) for that borrower while paying under the ICR plan.	If the borrower's payments are less than interest accrued on the loan, the servicer shall recalculate the payment based on unpaid accrued interest and the highest outstanding principal loan amount (including amount capitalized) for that borrower while paying under the ICR plan.	
2.5.5.800-ICR		Repayment	Married Borrowers	If married borrowers are paying jointly, the servicer shall apportion the payment to each borrower's debt so that the proportion of the payment applied to the total payment is the same as proportion of the borrower's debt to the total outstanding balance. EXCEPT that the servicer shall credit the payment to outstanding interest on any loan before crediting the payment to principal on any loan.	If married borrowers are paying jointly, the servicer shall apportion the payment to each borrower's debt so that the proportion of the payment applied to the total payment is the same as proportion of the borrower's debt to the total outstanding balance. EXCEPT that the servicer shall credit the payment to outstanding interest on any loan before crediting the payment to principal on any loan.	
2.5.5.801-ICR		Repayment	Multiple Loans	Servicers shall calculate and apply a separate repayment period, that begins when that loan enters repayment, if a borrower repays more than one loan under the ICR plan.	Servicers shall calculate and apply a separate repayment period, that begins when that loan enters repayment, if a borrower repays more than one loan under the ICR plan.	
2.5.5.802-ICR		Repayment	Prepayment/Lump Sum	The servicer shall allow the borrower to prepay the loan without penalty.	The servicer shall allow the borrower to prepay the loan without penalty.	Procedures, Screenshots, Sample Payment and Account Transactions
2.5.5.803-ICR		Repayment	Payment Return	The servicer shall return to the sender any payment received on a loan after loan forgiveness has been granted.	The servicer shall return to the sender any payment received on a loan after loan forgiveness has been granted.	Procedures, Screenshots, Sample Payment and Account Transactions

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2.5.5.1203-1-ICR	NFP - 5033.01	Forgiveness	IRS Reporting	<p>Services will file a 1099-C with the IRS and send a copy to the borrower who received discharges for the following reasons:</p> <p>(1) death, (2) IPD, and (3) ICR/IBR maximum term.</p> <p>1099-C are filed for borrowers with total discharged amounts of \$600.00 or more.</p>	Procedures, Correspondence, Sample Correspondence History
2.5.5.1203-1-ICR		Notifications	Annual	<p>After placing the borrower on ICR, and for each subsequent year that the borrower remains on ICR, the servicer shall send an annual notification of terms and conditions to the borrower indicating that the borrower is on ICR and explaining the terms and conditions of the plan, including:</p> <p>The borrower's monthly payment amount and the time period for which it will be effective (annual payment period).</p> <p>Information about the requirement that the borrower provide updated AGI or other income documentation annually and explanation that the servicer will notify the borrower of this requirement in advance of the due date.</p> <p>Explanation of the consequences if the borrower does not submit updated information within (10) days of the soft deadline (i.e. by the hard deadline), including explanation that the monthly payment amount will likely increase based on the borrower's repayment plan selection, and that any unpaid interest will be capitalized at the end of the current annual payment period, up to the 10% limit.</p>	Procedures, Correspondence, Sample Correspondence History
2.5.5.1203-2-ICR		Notifications	Annual	<p>The borrower's monthly payment amount and the time period for which it will be effective (annual payment period).</p>	
2.5.5.1203-3-ICR		Notifications	Annual	<p>Information about the requirement that the borrower provide updated AGI or other income documentation annually and explanation that the servicer will notify the borrower of this requirement in advance of the due date.</p>	
2.5.5.1203-4-ICR		Notifications	Annual	<p>Explanation of the consequences if the borrower does not submit updated information within (10) days of the soft deadline (i.e. by the hard deadline), including explanation that the monthly payment amount will likely increase based on the borrower's repayment plan selection, and that any unpaid interest will be capitalized at the end of the current annual payment period, up to the 10% limit.</p>	Procedures, Correspondence, Sample Correspondence History
2.5.5.1203-5-ICR		Notifications	Annual	<p>Information about the borrower's option to request, at any time during the borrower's current annual payment period, that the servicer recalculate the borrower's monthly payment amount if the borrower's financial circumstances have changed and the income amount that was used to calculate the borrower's current monthly payment no longer reflects the borrower's current income.</p>	
2.5.5.1203-6-ICR		Notifications	Recalculation	<p>If the federal servicer recalculates the borrower's monthly payment amount based on the borrower's request, the federal servicer must send the borrower a new annual notification of terms and conditions and the servicer shall reset the borrower's anniversary date to the date the servicer made its last determination of partial financial hardship.</p> <p>For borrowers not on Permanent Standard, the servicer shall send the borrower, and the borrower's spouse if applicable, a written request for AGI or other documentation of income and certification of family size. The servicer shall send the notice no later 95 days before, and no earlier than 125 days before, the borrower's anniversary date (60 days before the soft deadline). The written request must include:</p>	Procedures, Correspondence, Sample Correspondence History
2.5.5.1203-7-ICR		Notifications	Income Request	<p>The soft deadline, the date by which the borrower should submit updated income documentation as part of the annual recalculation process, 35 days prior to the borrower's anniversary date (e.g., for an anniversary date of July 1, May 27.)</p>	Procedures, Correspondence, Sample Correspondence History
2.5.5.1203-8-ICR		Notifications	Income Request	<p>The consequences if the borrower does not submit updated information within (10) days of the soft deadline (i.e. by the hard deadline), including explanation that the monthly payment amount will increase what the new monthly payment amount will be, and that any unpaid interest will be capitalized at the end of the current annual payment period.</p>	
2.5.5.1203-9-ICR		Notifications	Forgiveness Prep	<p>The servicer shall, no later than 6 months prior to the anticipated date that the borrower will meet the forgiveness requirements, send the borrower a written notice including:</p>	Procedures, Correspondence, Sample Correspondence History
2.5.5.1203-a-ICR		Notifications	Forgiveness Prep	<p>An explanation that the borrower is approaching the date that he or she is expected to meet the requirements to receive loan forgiveness.</p>	
2.5.5.1203-b-ICR		Notifications	Forgiveness Prep	<p>A reminder that the borrower must continue to make the borrower's scheduled monthly payments, and the current treatment of the forgiveness amount for tax purposes, including information on the 1099-C, and instructions for the borrower to contact the Internal Revenue Service for more information.</p>	
2.5.5.1203-c-ICR		Notifications	Forgiveness Prep	<p>The servicer shall, upon determining that the borrower has satisfied the loan forgiveness requirements, notify the borrower in writing of forgiveness, including:</p>	Procedures, Correspondence, Sample Correspondence History
2.5.5.1204-1-ICR		Notifications	Forgiveness Notification	<p>Notice that the borrower's obligation on the loans is satisfied.</p>	
2.5.5.1204-a-ICR		Notifications	Forgiveness Notification	<p>General information on the current treatment of the forgiveness amount for tax purposes, including information on the 1099-C, and instructions for the borrower to contact the Internal Revenue Service for more information.</p>	
2.5.5.1204-b-ICR		Notifications	Forgiveness Notification	<p>The servicer shall uniquely identify all income-driven repayment plans in NSLDS reporting.</p>	Procedures, Sample Data Files

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Income-Driven Repayment Plans - 2012 Requirements

No.	Servicer	Question	Proposed Servicer Response / Recommendation	FSA Response Date	Status	Notes
1	All	General Requirement Questions: All questions that IMPACT assessments - in YELLOW Eligible Borrower Definition: In determining if a borrower is an eligible new borrower for PAYE, does the servicer look only at the borrower's Direct Loans or at both FFELP and Direct Loans?		The definition of eligible new borrower expressly requires us to look at both FFELP and Direct Loans.	No change needed.	
2	All	PAYE Eligible Loans and Eligible New Borrower Definitions: If a borrower and his/her spouse file a joint tax return, do the spouse's loans factor into the PAYE calculation? Also, do both spouses have to be eligible borrowers for one borrower to request PAYE?		As long as the spouse has eligible loans, as that term is defined in our regulations, we do not care whether the spouse is an eligible new borrower.	Amended 2.5.5.100b-PAYE and 2.5.5.300.4-PAYE	
3	All	PAYE - Eligible Loans to be Repaid under PAYE: The proposed FFELP rule for ICR requires all eligible loans owed by the borrower to that holder to be repaid under the ICR plan. In addition, there is an existing rule in the Direct Loan regulations that a borrower should be paying all his/her Direct Loans under the same repayment plan unless the borrower meets certain authorized exceptions, such as having a loan that does not qualify for ICR or ICR.		The ED-IBR FFELP loans should be placed on ICR if the borrower requests it. The Direct Loans should be placed on PAYE.	Amended 2.5.5.200.3-IBR	
4	All	PAYE - Eligible Loans to be Repaid under PAYE: What if a borrower has Direct Loans that qualify for PAYE plan and also has ED-owned FFELP loans that qualify for ICR? Does the servicer include all loans under an ICR plan based on the proposed FFELP rule or place the Direct Loans on PAYE and the ED-owned FFELP loans on ICR because they are different Title IV loan programs?		In a case where the borrower has ED-owned FFELP loans and Direct Loans, the borrower must place the Direct Loans and ICR for the FFELP loans. The borrower must place the PAYE and ICR payment like as would if the borrower had different loan holders. For example, say a borrower has \$30,000 in PAYE-eligible Direct Loans, \$20,000 in ICR-PAYE-eligible FFELP Loans, and Adjusted Gross Income of \$30,000 and a family size of 1 (state of residence Maryland). Using the 2012 guidelines, the borrower's calculated ICR payment would be \$165.56 and the borrower's calculated PAYE payment would be \$110.38. However, after proration, the total payment against the FFELP loans would be \$65.22 (at 40% proration), and the total payment against the Direct Loans would be \$66.23 (at 60% proration) for a combined total monthly payment of \$131.45.	Added new requirements 2.5.5.700.4-IBR and 2.5.5.700.4-PAYE	Updated on 8/28/2012
5	All	ICR - Interest Rate Cap: For the PAYE and ICR plans, does the 10% cap apply only to the interest that accrued while the borrower was in the PAYE/ICR plan?		Yes. The 10% limits are separate. For example, if a borrower is on ICR and has had interest capitalized up to the 10% limit, but then moves to PAYE, the 10% limit is refreshed, and more interest may capitalize up to the new 10% limit.	Amended 2.5.5.803.2-PAYE and 2.5.5.804.2-ICR	
6	All	ICR - Interest Rate Cap: The PAYE regulations say the 10% is calculated off of the original principal at the time the borrower enters PAYE, but for ICR it is based on 10% when borrower originally entered repayment and not when he/she enters ICR. We wish to verify that the 10% is to be calculated on the principal balance of the loan at the time the borrower enters the PAYE plan.		Your assumption is accurate. You use the balance outstanding at the time that the borrower enters the PAYE plan.	No change needed	
7	All	Loan Forgiveness under ICR and ICR: As currently written, the proposed regulations indicate that qualifying PFH-permanent-standard payments made under PAYE do not count as qualifying payments under ICR.		The payment counters carry forward if a borrower switches plans. In other words, PAYE payments will count toward ICR forgiveness. However, if a borrower moves from PAYE to ICR, the borrower becomes subject to a 25-year forgiveness period instead of 20. For borrowers who leave the PAYE plan for ICR, this also means that they will not be eligible for forgiveness in 20 years unless they switch back to the PAYE plan.	Amended 2.5.5.1000.1-ICR	Updated on 8/27/2012
8	All	PSLF Eligible Payments: Do payments under all the income-driven plans count for PSLF?		Yes	No change needed.	
9	All	PAYE - marketing new plan: Are you expecting the servicers to market the new PAYE plan to borrowers currently repaying under the current ICR plan when their renewal comes up?		Not unless we can come up with a systematic way to help you identify which borrowers will likely meet the cohort period. Also note that the Department will be officially calling what was called ICR in the NPSM ICR Plan and what was called PAYE in the NPSM Pay As You Earn Plan. We will not use the abbreviation PAYE in external communications, but it may be used internally.	No change needed.	
10	All	Income-driven plans - Terms: Are the terms of the income-driven plans to be viewed as separate and distinct or do they cross programs? For example, does the 3-year interest subsidy counter reset when a borrower switches between income-driven programs?		The 3-year interest subsidy will be a maximum cap that will carry over if a borrower switches from PAYE to ICR or vice versa. For example, a borrower on PAYE for one year before switching to ICR, the borrower would have two years of subsidy remaining on ICR. This is the only time when terms of one plan will cross over to another.	Amended 2.5.5.1101-IBR and 2.5.5.1100-PAYE	
11	All	Readiness: Are all the changes in the CR to be implemented by 11/1/12 or just the PAYE changes?		We prefer full implementation of all changes on November 1, however, we give priority to PAYE implementation. Therefore, we can stagger implementation if necessary, such that PAYE will be implemented by November 1, with the remainder of the changes being implemented by the end of 2012.	No change needed.	

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12	All	Interest Subsidy: How do the Soft and Hard deadlines impact the three-year interest subsidy period? For example, a borrower with only subsidized loans, meets the hard deadline but the servicer doesn't get the application processed in time. The borrower was paying \$20.00 as their PFH payment amount and had monthly interest accrual of \$40.00 giving them a subsidy of \$20.00 a month in their first year on PAYE. Since the servicer didn't process the application timely they maintain the \$20.00 payment. When the application is processed the borrower now in year two has a PFH payment of \$10.00. When the servicer retroactively makes the appropriate adjustments to count the \$20.00 payment as two \$10.00 qualifying payments, does the borrower now receive interest subsidy of \$30.00 for the month they were billed at the prior year's PFH amount?	PLI agrees with the proposed treatment based on the servicer's feedback in the 8/24/12 meeting and examination of the NPRM discussion in the FR.	Added requirements 2.5.5.1101.3-IBR and 2.5.5.1100.3-PAYE.
13	NN	Could you please provide examples for the monthly payment amount calculations for ICR and the PAYE?	For ICR-IBR see examples 1, 3, 4, and "Interpolation" in Attachment 3 to the Income Percentage Factor Federal Register notice here: https://federalregister.gov/a/2012-15420 . See also attached spreadsheet for a calculator.	No change needed.
14	NN	Could you please provide an example of requirements under 2.5.5.702.1, 2.5.5.702.2, and 2.5.5.702.3 within the IBR requirements? The same requirements are noted within ICR and PAYE.	For example, say a borrower's anniversary period runs from July 1, 2012 to July 1, 2013. The borrower's hard deadline for the 2013-2014 PFH payment is June 6, 2013. If the borrower's 2012-2013 PFH payment is \$100, and the borrower submits documentation by the hard deadline, but the servicer cannot process that documentation prior to the borrower's anniversary date, the servicer will be required to maintain the \$100 PFH payment from 2012-2013, even if the calculation for 2013-2014 would otherwise cause the borrower's PFH payment to increase. Should this occur, the borrower's anniversary date will remain as July 1, and for the 2014-2015 PFH payment period be July 1, 2014. Payments made at the 2012-2013 payment amount during the 2013-2014 caused by the servicer having maintained the borrower's payment amount at the 2013-2013 payment amount shall not result in delinquency, and all of those payments will also qualify for IBR/PSLF forgiveness.	Updated 2.5.5.702.2-IBR and 2.5.5.702.3-PAYE and 2.5.5.704.2-ICR
15	NN	PAYE requirement 2.5.5.802. Could you please clarify this requirement? It appears that part of the requirement was cut off.		Amended 2.5.5.802-PAYE
16	NN	In our review of the changes required for CR1827, our team was wondering if a separate CR would be issued to account for the changes needed for the EAZ7 in order to transfer these borrowers?		
17	GLPHEAA			

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Income-Driven Repayment Plans – 2012 Requirements

No.	Servicer	Question	Proposed Servicer Response / Recommendation	FSA Response Date	Status
18	FedLoan	2.5.5.100-a-IBR - We recommend a change to the definition of Standard-Standard in conjunction with a change to the definition of Partial Financial Hardship (2.5.5.100-d). This change is needed to accurately describe the terminology as used by servicers today. The "traditional" definition of Standard-Standard needs to remain to track qualifying payments. One of the criteria of a qualifying payment is that it is at least as great as the Standard-Standard payment amount. See proposed changes in next column.	Standard-Standard: The 10-year standard payment amount calculated using the loan balance on eligible loans that was outstanding when the borrower initially entered repayment on the loan.	Accept.	Amended 2.5.5.100-a-IBR and 2.5.5.100-a-PAYE
19	FedLoan	2.5.5.100-c-IBR states that the expedient-standard is calculated based on a 10-year repayment period for Stafford SLS and eligible PLUS loans. It should be the remaining repayment period (up to 10 years). 685.221(d)(2)(v)(A). See proposed changes in next column.	Expedient-Standard: If the borrower chooses to completely leave IBR, the payment amount calculated using the loan balance outstanding when the borrower exits IBR and Stafford SLS and eligible PLUS loans, or the applicable remaining repayment period (10-30 years, for consolidation loans).	Accept.	Amended
20	FedLoan	2.5.5.100-d-IBR We recommend a change to the definition of Partial Financial Hardship in conjunction with a change to the definition of Standard-Standard (2.5.5.100-a). This change more accurately describes the regulatory definition of Partial Financial Hardship.	Partial Financial Hardship: A circumstance in which the Standard-Standard payment amount (including any interest subsidy) exceeds the payment amount under IBR.	Accept.	Amended 2.5.5.100-d-IBR and 2.5.5.100-c-PAYE
21	FedLoan	2.5.5.200.2-IBR There are some inaccuracies in this requirement. Please see proposed changes in next column.	The servicer will NOT allow Parent PLUS loans, defaulted loans, consolidation loans that repaid Parent PLUS loans, or any other loan type that is not a FFEL or DL Program loan to be repaid under IBR.	Accept.	Amended 2.5.5.200.3-IBR and 2.5.5.200.2-PAYE
22	FedLoan	2.5.5.200.3-IBR states that the servicer shall require borrowers who request IBR to pay all eligible loans under that plan. Please confirm that this requirement is per loan program, i.e., if an eligible borrower has Direct Loans and federally owned FFEL Loans, the borrower can choose PAYE on the Direct Loans and IBR on the FFEL Loans.	See Question 3.		
23	FedLoan	2.5.5.700-IBR states that the servicer shall annually recalculate the monthly payment amount based on the borrower's updated AGI family size and poverty guidelines. Other than for purposes of prorating the payment amount, we do not believe the loan balance has any bearing on the annual recalculation of the annual PFIH payment amount. Nor do we use the interest rate (variable or fixed) to determine the annual PFIH payment amount. Please see proposed changes in next column.	The servicer shall calculate the monthly payment amount for borrowers being placed on IBR and shall annually recalculate the monthly payment amount based on the borrower's updated AGI family size and poverty guidelines.	Accept.	Amended 2.5.5.700-IBR and 2.5.5.700-PAYE
24	FedLoan	2.5.5.701-IBR We recommend consistent language to 2.5.5.701-PAYE with a minor modification to clarify that the anniversary is reset to a new date. For example, if a borrower's anniversary date is 01/01/13, He requests that we recalculate his payment amount on 09/01/12. We believe his new anniversary date is reset to 09/01/13. Please see suggested changes in next column.	The servicer shall accommodate a borrower's request to have his or her IBR monthly payment amount recalculated because the borrower's financial circumstances have changed since the payment amount was last calculated.	Accept.	Amended 2.5.5.701-IBR and 2.5.5.701-PAYE
25	FedLoan	2.5.5.702-IBR If the borrower returns the documentation prior to the hard deadline, but the servicer cannot process it prior to the expiration of the anniversary period, the servicer maintains the PFIH payment amount. Does this include any interest subsidy the borrower is receiving? Example: Payment amount is \$10. Interest accrual is \$30. Borrower receiving \$20 in subsidy. Servicer maintains \$10 payment for one month after expiration of the anniversary. New payment amount is \$30 so there is no subsidy. Does borrower keep the \$20 subsidy for the one month after the expiration of the anniversary?	See Question 12.		
26	FedLoan	2.5.5.702-IBR We believe an additional requirement (2.5.5.702.4) is needed to bridge the regulatory gap between FFEL IBR and Direct IBR. Proposed regulation 682.215(e)(8)(ii) describes the ramifications of an increased payment amount when the servicer receives income documentation by the hard deadline but does not process it timely. Direct Loan regulations do not contain this language. See proposed new requirement in the next column.		Accept.	Amended 2.5.5.702-IBR and 2.5.5.702.4-PAYE
27	FedLoan	2.5.5.704-IBR We believe clarification is needed to the description of "resetting the anniversary date. In addition, we believe the reference to 2.5.5.900.2 should be 2.5.5.901. Please see suggested changes in next column.	If a borrower submits income documentation after the hard deadline and after the servicer sets the Permanent-Standard payment amount, and the borrower still has a partial financial hardship, the servicer shall reset the borrower's anniversary date to the date the servicer receives income documentation to determine if partial financial hardship and apply forbearance as described in requirement 2.5.5.901, if applicable.	Accept.	Amended 2.5.5.704-IBR and 2.5.5.704-PAYE

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26	FedLoan	2.5.5.801-1-IBR states that "The servicer shall apply the excess payment to collection costs and late charges then interest and then..." However, based on federal regulations 682.215(c)(1) and 685.221(c)(1), the payment should be applied to accrued interest to collect costs, late charges, principal. Prepayment application doesn't affect actual application of payment to interest, collection costs, etc. 685.221(c)(3) points to 685.211(c)(3) not (a)(1). The intent of 685.221(c)(3) and (4), and 682.215(c)(3) and (4), is to clarify that if a borrower's scheduled payment is \$0.00, any payments she makes are not applied as prepayments. Please see suggested changes in the K column.	The servicer shall apply the excess payment to collection costs and late charges then interest and then principal as a prepayment. If the prepayment amount equals or exceeds a monthly payment amount of \$10.00 or more.	Accept.	Amended 2.5.5.801-1-IBR and 2.5.5.801-1-PAYE.
29	FedLoan	2.5.5.900-IBR allows for the use of an administrative forbearance while the servicer is collecting and processing income documentation. The use of this forbearance is permitted when the borrower indicates his/her intention to submit income documentation. Please clarify whether this is a capping or non-capping forbearance.	34 CFR 685.205(b)(5) states that this administrative forbearance must be non-capping.		Amended 2.5.5.900-IBR and 2.5.5.900-PAYE and 2.5.5.900-ICR.
30	FedLoan	2.5.5.901-IBR requires the servicer to grant an administrative forbearance to cover past due payments if a borrower submits income documentation after the hard deadline, but is again determined to have a partial financial hardship. Please clarify if there is a time period after the hard deadline. For example, a borrower may wait months before sending income documentation. Should an administrative forbearance be used to cover all delinquent payments if a borrower submits income documentation any time after the hard deadline and continues to have a PFH? See example in next question.	The administrative forbearance should be used to cover the entire delinquency, but may only be used in cases where the new payment is less than the old payment.		Amended 2.5.5.901-IBR and 2.5.5.901-PAYE and 2.5.5.901-ICR.
31	FedLoan	2.5.5.901-IBR also states that the servicer shall not capitalize interest during this administrative forbearance and after the servicer sets the Permanent-Standard payment amount. Please clarify "and after the servicer sets the Permanent-Standard payment amount." Example 1: Borrower is delinquent for 2 PFH payments. The servicer has not received income documentation by the hard deadline. At the anniversary date the servicer converts the payment amount to the Permanent-Standard and capitalizes the outstanding unpaid interest that accrued during the period to PFH. The borrower is still delinquent for the 2 PFH payments. The borrower waits six months to submit income documentation and has made no payments. The borrower still has a PFH. Should the forbearance cover the 2 PFH payments and 6 Permanent-Standard payments? Does the capitalization that was performed at conversion to Permanent-Standard need to be reversed?	The administrative forbearance should cover the two missed PFH payments and the six months after being converted to permanent-standard. The interest that is attributable to the missed PFH payments may capitalize which actually occurred when the borrower was converted to permanent-standard. The interest that is attributable to the missed permanent-standard payments may not be capitalized.		Amended 2.5.5.901-IBR and 2.5.5.901-PAYE and 2.5.5.901-ICR.
32	FedLoan	2.5.5.1000-1e-IBR states that monthly loan payments under ICR are qualifying payments for loan forgiveness. Per federal regulation 685.221(f)(4)(v), this should be revised as recommended in the next column.	Reject. The requirement will be reversed to say "Made monthly loan payments under a Direct Loan ICR or PAYE Plan."		Amended 2.5.5.1000-1e-IBR.
33	FedLoan	2.5.5.1003-IBR Please clarify if there is a new requirement related to 1098-E (interest) reporting. Or, if this requirement should only be referencing 1099-C (cancellation of debt) reporting.	This requirement has been amended to reference 1098-C reporting only.		Amended 2.5.5.1003-IBR and 2.5.5.1003-ICR.
34	FedLoan	2.5.5.1201-IBR This change is in conjunction with changes made to 2.5.5.701-IBR and 2.5.5.704-IBR. See suggested changes in next column.	Accept.		Amended 2.5.5.1201-IBR and 2.5.5.1201-PAYE.
35	FedLoan	2.5.5.801-2-IBR We recommend changes to more accurately align the requirement with the regulations. The intent of the regulation is to not require the advancement of the due date if the borrower's scheduled payment amount is \$0.00, but the borrower makes payments. See proposed changes in next column.	Accept. Further modifications will be made to the requirement to make it even more clear. The servicer shall apply the excess payment as a lump sum payment to interest, then collection costs and late charges, and then principal. If the borrower's monthly payment amount is greater than \$0, but less than \$10, and not advance the due date.		Amended 2.5.5.801-1-IBR and 2.5.5.801-1-PAYE.

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36	FedLoan	<p>2.5.5.803.4-IBR states: "For a borrower who is repaying under IBR and receives a deferment or forbearance and still has a PFH when the deferment period ends, unpaid interest is not capitalized at the end of the deferment or forbearance."</p> <p>Please confirm the following example:</p> <p>Borrower enters IBR 03/01/12 with PFH payment amount of \$30. "Anniversary date" is 03/01.</p> <p>09/01/12 borrower needs a 6 month forbearance 06/01/12 - 12/31/12. Interest is not capped at end of forbearance because borrower is still in PFH period.</p> <p>01/01/13 PFH payment amount of \$30 resumes.</p> <p>Based on new notification requirements, no earlier than 12/01/12, give or take a few days- I didn't count exactly 90 days) we notify borrower that his anniversary date is 03/01/13 and give him his "soft" deadline.</p> <p>a. Borrower returns documentation by deadline and he still has a PFH, therefore, forbearance interest is still not capped.</p> <p>b. Borrower returns documentation by deadline and he does not have a PFH, therefore, forbearance interest and other unpaid interest is capped.</p>		Pending	
37	FedLoan	<p>2.5.5.803.4-IBR states: "For a borrower who is repaying under IBR, receives a deferment or forbearance, and loses PFH status while the deferment or forbearance is running, unpaid interest is not capitalized until the end of the deferment or forbearance." Please clarify whether the new notification requirements still apply during a deferment or forbearance, and if so, clarify the timing. We outline three separate scenarios labeled A, B, and C in the following three rows. We believe C, offers the best solution for borrowers.</p>	See Question 36.	Pending	
38	FedLoan	<p>Example A: Borrower enters IBR 03/01/12 with PFH payment amount of \$30 due. "Anniversary date" is 03/01. 09/01/12 borrower needs a 12 month forbearance 09/01/12 - 08/31/13. The anniversary date falls within the forbearance period.</p> <p>The anniversary date remains 03/01 and annual notification is required. In this case the borrower must certify income in the middle of a forbearance. The servicer determines whether he continues to have a PFH during the forbearance.</p> <p>1) If he still has a PFH, the new payment amount starts immediately after the forbearance and interest is not capped.</p> <p>2) If he did not have a PFH, he exits the forbearance on permanent-standard and interest (forbearance interest and any other unpaid interest) is capped.</p> <p>[Borrowers would probably not respond to requests for income documentation while on a deferment/ forbearance. And their circumstance at this time may be different from their circumstance when they exit the deferment/forbearance.]</p>	See Question 36.	Pending	
39	FedLoan	<p>Example B: Borrower enters IBR 03/01/12 with PFH payment amount of \$30 due. "Anniversary date" is 03/01. 09/01/12 borrower needs a 12 month forbearance 09/01/12 - 08/31/13. The anniversary date falls within the forbearance period.</p> <p>The anniversary date remains 03/01, but annual notification is not required because the borrower is on forbearance. When the forbearance ends interest is capped and payments begin at the permanent-standard amount. If the borrower does not return income documentation, his anniversary date remains 03/01 and for each subsequent year the servicer sends a notification as required by proposed 655.221(e)(5).</p> <p>[This solution may create customer service problems because a borrower would not be reminded to send income documentation.]</p>	See Question 36.	Pending	

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40	Federal	<p>Example C: Borrower enters IBR 03/01/12 with PFI payment amount of \$30 due. Anniversary date is 03/01/09/01/12 borrower needs a 12 month forbearance 03/01/12 - 08/31/13. The anniversary date falls within the forbearance period.</p> <p>The anniversary date is reset to coincide with the day following the forbearance. In this example the new anniversary date is 09/01/13. The annual notification requirement resumes 60 to 90 days before 09/01/13.</p> <p>1) If the borrower submits documentation and again has a PFI, the new PFI payment amount starts in 09/13 with no capitalization.</p> <p>2) If the borrower does not continue to have a PFI, or does not send income documentation, the permanent standard payment amount starts in 09/13 and forbearance interest and any other unpaid interest is capped. The borrower's new anniversary date is 09/01 and annual notifications are sent as required.</p> <p>[We believe this option is best for borrowers because it provides for an annual reminder at the appropriate time - when the borrower is exiting the deferment/forbearance.]</p>	See Question 36.	Pending	
41	GUPHEAA				

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No.	Service	Question	Proposed Servicer Response / Recommendation	FSA Response Date
42	FedLoan	2.5.5.100-a-PAYE: We recommend a change to the definition of Standard-Standard in conjunction with a change to the definition of Partial Financial Hardship (2.5.5.100-c). This change is needed to accurately describe the terminology as used by servicers today for IDR since PAYE mirrors IDR. The traditional definition of Standard-Standard needs to remain to track qualifying payments. One of the criteria of a qualifying payment is that it is at least as great as the Standard-Standard payment amount. See proposed changes in next column.	Standard-Standard: The 10-year standard payment amount calculated using the loan balance on eligible loans that was outstanding when the borrower initially entered repayment on the loan or requested PAYE, whichever is greater.	See Question 17-18.
43	FedLoan	2.5.5.100-a-PAYE: We recommend a change to the definition of Partial Financial Hardship in conjunction with a change to the definition of Standard-Standard (2.5.5.100-a). This change more accurately describes the regulatory definition of Partial Financial Hardship.	Partial Financial Hardship: A circumstance in which the Standard-Standard payment amount or the Permanent-Standard payment amount, whichever is greater, exceeds the payment amount under PAYE.	See Question 19.
44	FedLoan	2.5.5.100-b-PAYE: Provides the definition of a new borrower. Regarding the requirement to obtain a new Direct Loan disbursement on or after October 1, 2011 - If a borrower meets the eligibility criteria, goes on PAYE, and then there is a change to the post-10/01/11 disbursement such that the borrower no longer qualifies for PAYE, does the borrower need to be removed from PAYE? We routinely see downward adjustments of disbursements to \$0.00 or disbursement date changes from COD two years after the disbursement was originally made.	Pending	
45	FedLoan	2.5.5.100-b-PAYE: Specifies that if the qualifying post-10/01/11 disbursement is a Direct Consolidation Loan, it is based on the date the Consolidation Loan Application is received. The Federal servicers do not receive this date from the Direct Loan Consolidation Servicer.	Pending	
46	FedLoan	2.5.5.200-2-PAYE: There are some inaccuracies in this requirement. Please see proposed changes in next column.	Reject	
47	FedLoan	2.5.5.300-5-PAYE: References joint consolidation loans. The ability for borrowers to obtain joint consolidation loans ended as of July 1, 2006; therefore, joint consolidation loans will not be eligible for PAYE. This requirement should be deleted.	Accept	
48	FedLoan	2.5.5.400-1-PAYE: Requires the servicer to provide the OMB forms required to capture borrower data. Do you anticipate that the new form will be through the clearance process by November 1, 2012?	Pending	Updated on 8/27/2012.
49	FedLoan	2.5.5.500 series-PAYE: References the IBR/IRIS interface and CR # 1744. ICR requirements are not currently in CR # 1744. Will you modify 1744 or issue a new CR for an ICR/IRIS interface?	FSA will issue a new CR for an ICR/IRIS interface.	Amended 2.5.5.500-PAYE series
50	FedLoan	2.5.5.700-PAYE: States that the servicer shall annually recalculate the monthly payment amount based on the borrower's updated AGI, family size and loan balance. Other than for purposes of prorating the payment amount, we do not believe the loan balance has any bearing on the annual recalculation of the annual PFIH payment amount. Nor do we use the interest rate (variable or fixed) to determine the annual PFIH payment amount. Please see proposed changes in next column.	The servicer shall calculate the monthly payment amount for borrowers being placed on PAYE and shall annually recalculate the monthly payment amount based on the borrower's updated AGI, family size and loan balance, as well as updated HHS poverty guidelines and variable interest rates.	See Question 22.
51	FedLoan	2.5.5.701-PAYE: We recommend clarification that the anniversary is reset to a new date. For example, a borrower's anniversary date is 01/01/13. He requests that we recalculate his payment amount on 09/01/12. We believe his new anniversary date is reset to 09/01/13. Please see suggested changes in next column.	The servicer shall accommodate a borrower's request to have his or her PAYE monthly payment amount recalculated because the borrower's financial circumstances have changed since the payment amount was last calculated and the servicer shall reset the borrower's anniversary date to the date the servicer makes the new determination of partial financial hardship.	See Question 23.
52	FedLoan	2.5.5.702-PAYE: If the borrower returns the documentation prior to the hard deadline, but the servicer cannot process it prior to the expiration of the anniversary period, the servicer maintains the PFIH payment amount. Does this include any interest subsidy the borrower is receiving? Example: Payment amount is \$10. Interest accrual is \$30. Borrower receives \$20 subsidy. Servicer maintains \$10 payment for one month after expiration of the anniversary. New payment amount is \$30 so there is no subsidy. Does borrower keep the \$20 subsidy for the one month after the expiration of the anniversary?	See Question 12.	

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53	FedLoan	2.5.5.702-PAYE: We believe an additional requirement (2.5.5.702.4) is needed to bridge the regulatory gap between FFELBIR, Direct BIR, and PAYE. Proposed regulation 682.215(e)(9)(ii) describes the ramifications of an increased payment amount when the servicer receives income documentation by the hard deadline but does not process it timely. Direct Loan regulations do not contain this language. See proposed new requirement in the next column.	See Question 25		
54	FedLoan	2.5.5.704-PAYE: We believe clarification is needed to the description of resuming the anniversary date. In addition, we believe the reference to 2.5.5.900.2 should be 2.5.5.901. Please see suggested changes in next column.	See Question 26	If a borrower submits income documentation after the hard deadline, and after the servicer sets the Permanent-Standard payment amount and the borrower still has a partial financial hardship, the servicer shall reset the borrower's anniversary date to the date the servicer receives income documentation, if applicable, as described in requirement 2.5.5.901.	
55	FedLoan	2.5.5.901.1-PAYE states that "The servicer shall apply the excess payment to collection costs and late charges, then interest and then principal." However, based on proposed regulation 685.209(a)(3), the payment should be applied to accrued interest, collection costs, late charges, principal. Prepayment application doesn't affect actual application of payment to interest, collection costs, etc.	See Question 27	The servicer shall apply the excess payment to collection costs and late charges, then interest and then principal as a prepayment if the prepayment amount equals or exceeds a monthly payment amount of \$10.00 or more.	
56	FedLoan	2.5.5.902-PAYE The requirement appears to be incomplete.	See Question 28		
57	FedLoan	2.5.5.900-PAYE allows for the use of an administrative forbearance while the servicer is collecting and processing income documentation. The use of this forbearance is permitted when the borrower indicates his/her intention to submit income documentation. Please clarify whether this is a capping or non-capping forbearance.	See Question 29		
58	FedLoan	2.5.5.901-PAYE requires the servicer to grant an administrative forbearance to cover past due payments if a borrower submits income documentation after the hard deadline, but is again determined to have a partial financial hardship. Please clarify if there is a time period after the hard deadline. For example, a borrower may wait months before submitting income documentation. Should an administrative forbearance be used to cover all delinquent payments if a borrower submits income documentation any time after the hard deadline and continues to have a PFH? See example in next question.	See Question 30		
59	FedLoan	2.5.5.901-PAYE also states that the servicer shall not capitalize interest during this administrative forbearance and after the borrower submits income documentation. Please clarify and after the servicer sets the Permanent-Standard payment amount. Example: Borrower is delinquent for 2 PFH payments. The servicer has not received income documentation by the hard deadline. At the anniversary date the servicer converts the payment amount to the Permanent-Standard and capitalizes the outstanding unpaid interest that accrued during the period to PFH. The borrower is still delinquent for the 2 PFH payments. The borrower waits six months to submit income documentation and has made no payments. The borrower still has a PFH. Should the forbearance cover the 2 PFH payments and 6 Permanent-Standard payments? Does the capitalization that was performed at conversion to Permanent-Standard need to be reversed?	See Question 31		
60	FedLoan	2.5.5.1003-PAYE: Please clarify if there is a new requirement related to 1098-E (interest) reporting. Or if this requirement should only be referencing 1099-C (cancellation of debt) reporting.	See Question 32		
61	FedLoan	2.5.5.1201-PAYE This change is in conjunction with changes made to 2.5.5.701.1-PAYE and 2.5.5.704-PAYE. See suggested changes in next column.	See Question 23	If the federal servicer recalculates the borrower's monthly payment amount based on the borrower's request, the federal servicer must send the borrower a new annual notification of terms and conditions, including the new monthly payment amount, by the first business day of the first month of the new payment period.	
62	FedLoan	2.5.5.801.2-PAYE: We recommend changes to more accurately align the requirement with the proposed regulations. The intent of the regulation is to not require the advancement of the due date if the borrower's scheduled payment amount is \$0.00, but the borrower makes payments. See proposed changes in next column.	See Question 34	The servicer shall apply the excess payment as a prepayment to interest, then collection costs and late charges, and then principal. If the prepayment amount equals or exceeds a monthly payment amount of \$0.00 or more, the servicer shall apply the excess payment to collection costs and late charges, then interest and then principal.	

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63	FedLoan	<p>2.5.5.803.3-PAYE status: For a borrower who is repaying under PAYE and receives a deferment or forbearance and still has a PFH when the deferment period ends, unpaid interest is not capitalized at the end of the deferment or forbearance.</p> <p>Please confirm the following example:</p> <p>Borrower enters PAYE 03/01/12 with PFH payment amount of \$50. "Anniversary date" is 03/01/09/01/12 borrower needs a 12 month forbearance 09/01/12 - 12/31/12. Interest is not capped at end of forbearance because borrower is still in PFH period.</p> <p>01/01/13 PFH payment amount of \$30 resumes.</p> <p>Based on new notification requirements, no earlier than 12/01/12, give or take a few days, I didn't count exactly 50 days, we notify borrower that his anniversary date is 03/01/13 and give him his "soft" deadline.</p> <p>a. Borrower returns documentation by deadline and he still has a PFH, therefore, forbearance interest is still not capped.</p> <p>b. Borrower returns documentation by deadline and he does not have a PFH, therefore, forbearance interest and other unpaid interest (subject to the 10% limit) is capped.</p>	See Question 35.		
64	FedLoan	<p>2.5.5.803.4-PAYE status: For a borrower who is repaying under PAYE, receives a deferment or forbearance, and loses PFH status while the deferment or forbearance is running, unpaid interest is not capitalized until the end of the deferment or forbearance." Please clarify whether the new notification requirements still apply during a deferment or forbearance, and if so, clarify the timing. We outline three separate scenarios labeled A, B, and C in the following three rows. We believe c. offers the best solution for borrowers.</p> <p>Example A: Borrower enters PAYE 03/01/12 with PFH payment amount of \$30 due. "Anniversary date" is 03/01/09/01/12 borrower needs a 12 month forbearance 09/01/12 - 08/31/13. The anniversary date falls within the forbearance period.</p> <p>The anniversary date remains 03/01 and annual notification is required. In this case the borrower must certify income in the middle of a forbearance. The servicer determines whether he continues to have a PFH during the forbearance.</p> <p>1) If he still has a PFH, the new payment amount starts immediately after the forbearance and interest is not capped.</p> <p>2) If he did not have a PFH, he exits the forbearance on permanent-standard and forbearance interest and any other unpaid interest (subject to the 10% limit) is capped.</p> <p>[Borrowers would probably not respond to requests for income documentation while on a deferment/ forbearance. And their circumstance at this time may be different from their circumstance when they exit the deferment/forbearance.]</p>	See Question 36.		
65	FedLoan	<p>Example B: Borrower enters PAYE 03/01/12 with PFH payment amount of \$30 due. "Anniversary date" is 03/01/09/01/12 borrower needs a 12 month forbearance 09/01/12 - 08/31/13. The anniversary date falls within the forbearance period.</p> <p>The anniversary date remains 03/01, but annual notification is not required because the borrower is on forbearance. When the forbearance ends, interest is capped (reg am interest is limited to the 10% cap) and payments begin at the permanent-standard amount. If the borrower does not return income documentation, his anniversary date remains 03/01 and for each subsequent year the servicer sends a notification as required by proposed 685.209(a)(5)(v).</p> <p>[This solution may create customer service problems because a borrower would not be reminded to send income documentation.]</p>	See Question 37.		
66	FedLoan	<p>Example C: Borrower enters PAYE 03/01/12 with PFH payment amount of \$30 due. "Anniversary date" is 03/01/09/01/12 borrower needs a 12 month forbearance 09/01/12 - 08/31/13. The anniversary date falls within the forbearance period.</p> <p>The anniversary date remains 03/01, but annual notification is not required because the borrower is on forbearance. When the forbearance ends, interest is capped (reg am interest is limited to the 10% cap) and payments begin at the permanent-standard amount. If the borrower does not return income documentation, his anniversary date remains 03/01 and for each subsequent year the servicer sends a notification as required by proposed 685.209(a)(5)(v).</p> <p>[This solution may create customer service problems because a borrower would not be reminded to send income documentation.]</p>	See Question 38.		

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67	FedLoan	<p>Example C: Borrower enters PAYE 03/01/12 with PFH payment amount of \$50 due. Anniversary date is 03/01/09/01/12 borrower needs a 12 month forbearance 09/01/12 - 09/01/13. The anniversary date falls within the forbearance period.</p> <p>The anniversary date is reset to coincide with the day following the forbearance. In this example the new anniversary date is 09/01/13. The annual notification requirement resumes 60 to 90 days before 09/01/13</p> <p>1. If the borrower submits documentation and continues to have a PFH, the new PFH payment amount starts in 09/13 with no capitalization.</p> <p>2. If the borrower does not continue to have a PFH, or does not send income documentation, the permanent-standard payment amount starts in 09/13 and forbearance interest and any other unpaid interest (subject to the 10% limit) is capped. The borrower's new anniversary date is 09/01 and annual notifications are sent as required.</p> <p>[We believe this option is best for borrowers because it provides for an annual reminder at the appropriate time - when the borrower is exiting the deferment/forbearance.]</p>	See Question 39.		
68	FedLoan	2.5.5.1100.1-PAYE We believe the two references to "IBR" in this requirement should be "ICR". Please clarify.	Accept	Amended using "PAYE/ICR-3" rather than "IBR."	
69	GLFedLoan	We don't understand requirement 2.5.5.702.3-PAYE. Why would we not apply the payments as of the dates they were received? Please clarify.			
70	GLFedLoan	PAYE 2.5.5.603.2 says			
70-bis	SM	<p>The servicer shall capitalize interest on the day after the borrower leaves the PAYE / PAYE plan or no longer has a PFH, except as provided in requirement 5065.04. When the borrower no longer has a PFH, the servicer shall capitalize interest up to an aggregate cap of 10% of OPB when entering PAYE. After the outstanding principal amount is ten percent greater than the original principal amount, interest continues to accrue but is not capitalized while the borrower remains on the PAYE Plan.</p> <p>1. Please confirm whether the capitalized interest after a borrower leaves PFH concerning the "aggregate cap of 10%," is interest that is associated solely for monthly PFH payment amounts that are less than accrued interest that is "negative amortization interest," as is the case for ICR-3/ICR?</p> <p>2. Please confirm that the phrase "interest continues to accrue but is not capitalized while the borrower remains on the PAYE Plan" pertains to "negative amortization interest" during a PFH and does not pertain to interest during a deferment or forbearance that for example may occur after a PFH such as during a permanent-standard payment period while the borrower remains on the PAYE Plan?</p>			Updated on 8/28/2012

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ICR 3 (ICR) Questions:					
71	FedLoan	Requirement after 2.5.5.701.2-ICR is not labeled.	The servicer may adjust the payment amount due to changes in the borrower's financial circumstances since the payment amount was last calculated and the servicer shall reset the borrower's anniversary date to the date the servicer last most recently calculated the borrower's ICR payment.	Pending See Question 23.	Amended
72	FedLoan	2.5.5.702-ICR We recommend clarification that the anniversary is reset to a new date. For example, a borrower's anniversary date is 01/01/13. He requests that we recalculate his payment amount on 09/01/12. We believe his new anniversary date is reset to 09/01/13. Please see suggested changes in next column.			
73	FedLoan	2.5.5.704-ICR We believe an additional requirement 2.5.5.704.4 is needed to bridge the regulatory gap between FFE, ICR, Direct ICR, and ICR. Proposed regulation 682.215(a)(8)(ii) describes the applications of proposed increased payment amount when the servicer receives income documentation by the hard deadline but does not process it timely. Direct Loan regulations do not contain this language. See proposed new requirement in the next column.		See Question 25.	
74	FedLoan	2.5.5.705-ICR We believe clarification is needed to align with the similar requirements in the ICR and PAYE tabs. In addition, we believe the reference to 2.5.5.900.2 should be 2.5.5.901. Please see suggested changes in next column.	If a borrower submits income documentation after the hard deadline, and after the servicer sets the Permanent-Standard payment amount, the servicer shall recalculate the borrower's monthly payment amount and apply forbearance as described in requirement 2.5.5.901.1, if applicable.	See Question 26.	
75	FedLoan	2.5.5.802.1-ICR There are no special payment application and prepayment rules for ICR, however, we agree they should be consistent with ICR and PAYE. Suggested changes are made in the next column to align this requirement with proposed changes to 2.5.5.801.1-ICR and 2.5.5.801.1-PAYE.	The servicer shall apply the excess payment to principal, then collection costs and late charges, and then principal as a prepayment if the prepayment amount equals or exceeds a monthly payment amount of \$10.00 or more.	They cannot be consistent. Delete requirement.	Deleted
76	FedLoan	2.5.5.802.2-ICR There are no special payment application and prepayment rules for ICR, however, we agree they should be consistent with ICR and PAYE. Suggested changes are made in the next column to align this requirement with ICR payment amounts.	The servicer shall apply the excess payment to principal, then collection costs and late charges, and then principal as a prepayment if the prepayment amount equals or exceeds a monthly payment amount of \$10.00 or more.	They cannot be consistent. Delete requirement.	Deleted
77	FedLoan	2.5.5.804-ICR This requirement includes a reference to negatively amortizing interest on an Alternative Repayment Plan. We believe this reference was not intended for these requirements. Please clarify.		We placed the relevant capitalization requirements from the capitalization ICR in this requirements document for completeness. The requirement will remain, so I think the text referencing the alternative repayment plan must too.	No change needed
78	FedLoan	2.5.5.804.1-ICR This requirement indicates that the annual capitalization of negatively amortized interest should occur with an effective date of July 31. This is contrary to the requirement FedLoan Servicing received when we were implementing ICR. Our business rules for ICR state "The servicer will automatically capitalize negative amortization interest annually on July 31st with an effective date of June 30, unless the loan is in an entitlement period that covers July 1st." Please clarify if we are now being required to capitalize interest through June 30th with an effective date of July 31st. If so, we will have additional questions.			No change needed. Updated on 8/28/2012
79	FedLoan	2.5.5.804.2-ICR This requirement states that the 10% limit on the capitalization of negatively amortized interest is based on 10% of the loan balance that existed at the time the loan entered repayment. Regulations define this limit as based on 10% of the original principal amount. We interpreted the regulations to mean that the 10% was based on the original principal balance (minus any adjustments/cancellations), not the principal balance when the loan entered repayment. Do these requirements mean that we should use the balance at repayment, which may include capitalized interest?	The regulations require that it be the loan balance when the borrower enters repayment.		
80	FedLoan	2.5.5.900-ICR allows for the use of an administrative forbearance while the servicer is collecting and processing income documentation. The use of this forbearance is permitted when the borrower indicates his/her intention to submit income documentation. However, 2.5.5.703-ICR (and proposed regulation 685.205(b)(1)(x) requires the servicer to place a borrower on interest only payments until the ICR payment amount is calculated. Can this forbearance replace the requirement for interest only payments? If so, please clarify whether this is a capping or non-capping forbearance.			Added 2.5.5.703.1-ICR and amended 2.5.5.900-ICR.
81	FedLoan	2.5.5.900-ICR Will the student loans.gov e/App be available for ICR? If so, will ICR 1744 be amended or will we receive a new CR?		See Question 47.	

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82	FedLoan	2.5.5.901-ICR requires the servicer to grant an administrative forbearance to cover past due payments if a borrower submits a request for an administrative forbearance after the first deadline. If the new ICR payment amount is higher than the previous ICR payment amount, please clarify if there is a deadline for the borrower to request a forbearance. For example, a borrower may wait months before sending a request for forbearance. Should administrative forbearance be used to cover all delinquent payments if a borrower submits income documentation and there are no past due payments? Is there a limit to the number of delinquent payments that the forbearance may cover?	See Question 30.		
83	FedLoan	2.5.5.1003-ICR: Please clarify if there is a new requirement related to 1098-E interest reporting. Or, if this requirement should only be referencing 1099-C, cancellation of debt reporting.	See Question 33.		
84	FedLoan	2.5.5.1201-ICR: The change is in conjunction with changes made to 2.5.5.702 and 2.5.5.706. See suggested changes in next column. In addition, there is no partial financial hardship in ICR.	Accept.	Amended	
85	FedLoan	2.5.5.1205-ICR: States "The servicer shall, if a borrower defaults and is required to go on ICR, but fails to comply, notify the borrower in writing of the borrower's new repayment schedule." We do not believe this requirement applies to the federal servicers. If it concerns Forced ICR and a borrower who is consolidating to get out of default, it's our understanding that the Direct Loan Servicing Center must now collect the borrower's income information prior to consolidation. If the borrower does not comply, we don't believe the consolidation proceeds. Please clarify.	Accept. Delete the requirement.	Deleted	
86	GIUPEAA				